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ABSTRACT

This report from the President's Committee on Employment of People with Disabilities, a federal agency that coordinates and promotes public and private efforts to enhance the employment of people with disabilities, discusses the current status of small business and self-employment opportunities for people with disabilities and offers recommendations for addressing barriers to business ownership. Recommendations include: (1) mainstream business development organizations, both public and private, must make a commitment to reach out to individuals with disabilities; (2) outreach and awareness-raising efforts are needed to educate the public, individuals with disabilities, government agencies, financial institutions, and business development professionals about the viability of business ownership for people with disabilities; (3) vocational rehabilitation counselors need adequate education, training, and clear policy guidance relative to self-employment or small business ownership as vocational outcomes; (4) people with disabilities need access to flexible capital based on the merits of their business plans; (5) business development services targeted to individuals with disabilities must include a comprehensive framework for providing training and technical assistance services; and (6) continued research is needed on the self-employment of people with disabilities being served through public service delivery systems and those who are independently pursuing self-employment. (Contains 60 references.) (CR)

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Getting Down to Business:

A Blueprint for Creating and Supporting Entrepreneurial Opportunities for Individuals with Disabilities

September 2000

The President's Committee on Employment of People with Disabilities

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prepared for
The President's Committee on
Employment of People with Disabilities
by
P.R. Lind & Company

Executive Summary

People with disabilities are increasingly turning to small business ownership to improve their economic status, take control of their lives, and hopefully, to reduce or eliminate the need for benefits from government programs.

Small businesses are the driving force behind the nation's economic growth, providing, for example, virtually all the new jobs created 1992 and 1996. The structure of America's businesses is changing, with fewer full-time employees and more work being contracted to small businesses by large firms.

This report discusses the current status of small business and self-employment opportunities for people with disabilities and offers recommendations for addressing barriers to business ownership. The findings in this report build upon the proceedings of the National Blue Ribbon Panel on Self-Employment, Small Business and Disability, convened in July 1998 by the President's Committee on Employment of People with Disabilities, with additional support from the Social Security Administration, the World Institute on Disability and the Association for Enterprise Opportunity.

Overarching Themes

As noted below, several overarching themes prevail throughout the report. They include:

- Mainstream business development organizations, both public and private, must make a commitment to reach out to individuals with disabilities.
- Outreach and awareness-raising efforts are needed to educate the public, individuals with disabilities, government agencies, financial institutions, and business development professionals about the viability of business ownership for people with disabilities.
- Vocational rehabilitation counselors need adequate education, training, and clear policy guidance relative to self-employment or small business ownership as vocational outcomes.
- People with disabilities need access to flexible capital based on the merits of their business plan.

- Business development services targeted to individuals with disabilities must include a comprehensive framework for providing training and technical assistance services.

- Continued research is needed regarding the current status of self-employment of people with disabilities being served through public service delivery systems and those who are independently pursuing self-employment.

Self-employment offers significant potential as a means to accessing the American dream for many people with disabilities. The current social and economic climate is favorable for entrepreneurship, and people with disabilities should be encouraged to take advantage of the opportunities that business ownership presents. However, at this point in the continuum of policy, services, and strategies regarding self-employment, we are at a crossroads. Without a commitment to forward movement, self-employment issues will be addressed at a rate that is ineffective and unacceptable–ultimately rendering it less than a viable option for economic independence.

In consideration of the overarching themes, and with confidence in the capacity of the National Blue Ribbon Panel participants, the primary recommendation for advancing small business and self-employment among people with disabilities is to call together the original Blue Ribbon Panel participants to review these recommendations, develop action plans for implementing the recommendations, and assign responsibility for carrying out the plans. In doing so, we hope to renew the dialogue initiated at the first Blue Ribbon Panel and incite action.

Business Ownership:
Cornerstone of the American Dream

Business ownership has always been a cornerstone of the American dream. Many Americans have dreamed of owning their own business at one time or another. The current social and economic climate presents unprecedented opportunity for aspiring entrepreneurs. Advances in technology, corporate downsizing, outsourcing, telecommuting, and the extremely low unemployment rate have created self-employment or small business ownership opportunities that did not previously exist. Activities that were once employer-based are now commonly performed on a contractual basis by small businesses or individuals who are self-employed. As a result, more people than ever are self-employed. Approximately 10,507,000 Americans are self-employed,[1] with about 1 million more people reporting self-employment as a secondary source of income.[2]

Economic Impact

Entrepreneurship and small start-up companies are largely responsible for the impressive performance of the U.S. economy over the past several years. While it is widely believed that big businesses drive the U.S. economy, statistics demonstrate that small firms are, in fact, doing much of the economic "heavy lifting." Small firms are responsible for 52 per cent of sales and 50 per cent of private sector output.[3] Small companies comprise 96 per cent of all exporters of U.S. goods and receive 35 per cent of federal contract dollars.[4] These numbers may be particularly surprising in light of the fact that 53 per cent of the time, these businesses are operating from home.[5]

During the recession of the 1980's, it was small businesses that rallied, created new jobs, and enabled the U.S. economy to successfully transition from the industrial age to the information age.[6] Economists attribute the ability of our nation's economy to outpace Europe and Japan to the innovation of small firms and the opportunities they create for disenfranchised groups to participate in the economy.[7] Small businesses account for virtually all net new jobs in the economy, representing over 99 per cent of all employers and 52 per cent of the private-sector workforce.[8] Between 1988 and 1990, the nation's smallest businesses (those with under 20 employees) created almost 4.1 million new jobs, while large firms experienced a loss of more than 500,000 jobs.[9]

Continued economic growth requires economic participation from every sector of the population. With an overall unemployment rate below 5 per cent–widely regarded as full employment–

diversification of the workforce is essential.[10] Small businesses are the primary mechanism by which people who have been socially and economically marginalized, such as younger workers, older workers, and women, enter the workplace.[11] Further, 61 per cent of all private workers on public assistance are employed by small businesses.[12]

Women- and Minority-Owned Businesses

Women, minorities, and immigrants have all used self-employment as a vehicle for accessing the American dream and alleviating poverty.[13] Minority- and women-owned businesses are an important part of the U.S. economy, outpacing the growth of other businesses.[14]

Women-Owned Businesses

The Small Business Administration (SBA) reports that, "One reason the U.S. economy has created so many new businesses in the past decades is that many women have chosen self-employment over wage employment."[15] In fact, women own 34 per cent of all businesses (approximately 8.5 million)–an 89 per cent increase in the number of businesses owned by women just a decade ago; these businesses generated $3.1 trillion in revenues, an increase of 209 per cent over a ten year period, even after adjusting for inflation.[16] While women-owned businesses have steadily improved their economic positions over time, gaps in revenues between men- and women-owned businesses persist. Women-owned sole proprietorships, for example, had average receipts that were 47 per cent less than those attained by men in 1990 and are expected to narrow the gap by only 4 per cent by the year 2000.[17] Women business owners are also more likely to rely on non-traditional sources of capital and access commercial bank loans less frequently than men.[18] This difference may point to barriers in accessing traditional sources of credit, although research studies arrive at different conclusions on this matter. In spite of apparent inequalities, women are clearly using entrepreneurship to successfully gain an economic foothold.

Minority-Owned Businesses

America has a strong history of business creation among immigrant populations who have earned their livelihoods through entrepreneurship. Immigrant, ethnic, and minority businesses often build upon a strong sense of community in their business development strategies.[19] Today, minority-owned businesses are experiencing unprecedented growth. The number of minority-owned businesses in the United States increased by 168 per cent in a ten year period to an estimated 3.25 million businesses.[20] Revenues for these businesses grew at an even faster pace during the same period–an impressive 343 per cent increase–to $495 billion.[21] In spite of this growth, the share of minority-owned businesses is still not proportional to the size of minority populations. A 1992 survey by the Minority Business Development Agency (as reported by the SBA) reveals the following:

- Hispanic Americans accounted for nearly 10 per cent of the U.S. population but only 4.2 per cent of U.S. businesses and 2.2 per cent of all business receipts.
- Blacks face the largest discrepancies, making up over 12 per cent of the total population while only accounting for 3.6 per cent of businesses and 1 per cent of all business receipts.

- Asian-owned businesses fared the best among the minority groups examined, accounting for 3.5 per cent of all businesses, 4 per cent of the population, and 3 per cent of all business receipts.[22]

As the U.S. population becomes increasingly diverse, minority-owned businesses are having a noticeable impact on our nation's economy. The current buying power of minority groups is estimated to be $1 trillion, and this number will increase substantially over the next fifty years as the minority population increases.[23] By 2050 it is expected that 186 million people who belong to minorities will live in America–making up 47 per cent of the total population.[24] Clearly, this is where many emerging markets exist, and minority-owned businesses are well-positioned to take advantage of this changing competitive environment.

Encouraging Entrepreneurship: Opening Doors for People with Disabilities

Although entrepreneurship has been an effective tool for alleviating poverty and increasing the standard of living among women and minority groups, it has not been widely acknowledged as a mechanism for advancing economic opportunity among our nation's largest minority group–people with disabilities.

Characteristics of Americans with Disabilities

Commonly cited figures indicate that the number of Americans with disabilities is 54 million, making them the single largest minority group in the country.[25] Disability cuts across all socioeconomic backgrounds, geographic areas, and demographic characteristics. Despite the passage of the Americans with Disabilities Act of 1990 and other progressive legislation, people with disabilities continue to experience striking gaps in employment, income, education, and other quality of life indicators.

The most striking disparity between people with and without disabilities is the employment rate. Only 52.3 per cent of people with disabilities are employed, and the statistics are even more stark for those with severe disabilities, who are employed at rate of only 26.1 per cent.[26] At the same time, people who do not have disabilities are employed at a rate of 82.1 per cent.[27] Despite the sharp incongruity between the employment rate of people with disabilities and that of the general population, 72 per cent of working age people with disabilities indicate that they want to work.[28]

The high unemployment among people with disabilities has resulted in a significant income gap between people with disabilities and the rest of the population. People with disabilities are more likely to rely on means-tested public assistance income. Earned income represents only 71 per cent of the total income of people with disabilities and 41 per cent of the income of people with severe disabilities. Conversely, earned income accounts for 92 per cent of the total income of people who do not have disabilities.[29] One out of every three adults with disabilities live in very low income households (defined as those with less than $15,000 of annual income), as opposed to just one out of every eight non-disabled adults.[30] Unemployment, however, is not the only reason for the earnings gap. Even when people with disabilities are employed, they tend to be compensated at lower rates of pay than their non-disabled counterparts. The average family income in 1995 was $46,478, as compared to $28,067 for families of people with disabilities, and the economic effects of disability are multiplied for those belonging to other minority groups.[31]

People with disabilities are pursuing higher education at the same rates as their non-disabled peers. However, educational attainment at the secondary level is significantly lower–only 80 per cent of people with disabilities graduate from high school. The high school graduation rate among people who do not have disabilities is 91 per cent, revealing a sizeable gap.[32]

In spite of gaps in employment, income, and education, people with disabilities are still a market force worthy of attention. With current aggregate income of $796 billion (expected to exceed $1 trillion by 2001), people with disabilities have discretionary, disposable income of $176 billion.[33] This largely untapped market holds economic promise for perceptive entrepreneurs with and without disabilities.

Disability and Self-Employment Statistics

Business ownership as a means to achieving self-sufficiency has only recently began to surface as a major topic of discussion relative to the employment of people with disabilities. As a result, very little data is available on the prevalence, cost, and success of businesses owned and operated by people with disabilities. However, the limited data that is available has provided an excellent starting point for studying and understanding this issue. More than anything, this seminal research points to the need for further research and analysis on this important topic.

Lewis Kraus and Susan Stoddard reported in *Chartbook on Work Disability in the United States* in 1991 that 12.2 per cent of people who experience a work disability are self-employed, compared to 7.8 per cent of people who do not have a work disability.[34] *Nations Business*, a publication of the U.S. Chamber of Commerce, reported in "Can-Do Attitudes and the Disabled" by Sharon Nelton, May 1998, that of 9.4 million sole proprietors in the U.S., 1.7 million (18 per cent) report some disability or work limitation and 2.7 per cent report a severe disability. This information was attributed to a U.S. Census Bureau study, but is unidentified. While it appears that people with disabilities are self-employed at higher rates than people who do not have disabilities, people with disabilities are less likely than people without disabilities to pursue self-employment on a full-time basis.[35] It should be noted that the numbers of people with disabilities and of people in general in self-employment are not consistent across various studies, making it difficult to draw definitive conclusions. A number of factors make it difficult make an "apples to apples" comparison between the self-employment rates of people with disabilities and those without. Differences in the years studied are one such factor. Multiple interpretations of what constitutes self-employment also complicate research findings–some consider all persons with any self-employment income, others only count those who identify self-employment as their primary source of income, and some individuals are involved with more than one business venture. Further, disability is not a measured characteristic in most general self-employment research and, when it is studied, definitions of disability also vary.

Self-Employment within Vocational Rehabilitation Programs

Of the approximately 210,000 people with disabilities that vocational rehabilitation (VR) programs helped obtain employment in 1995, only 2.7 per cent (5,670 people) became self-employed.[36] Business enterprise programs, such as the Randolph-Sheppard Vending Facility Program, accounted for only .15 per cent of successful case closures that year.[37] These statistics are significantly lower than for people with disabilities outside of the VR system, suggesting that self-employment as a strategy for achieving self-sufficiency could be utilized more frequently by VR.

This conclusion is supported by the recent experience of the Choice Projects–demonstration projects funded by the Rehabilitation Services Administration (RSA) to increase informed choice throughout the vocational rehabilitation process. Choice Projects report that between 20 per cent and 30 per cent of the individuals with disabilities who are participating in the demonstration projects are becoming self-employed. This is significant, especially in light of the fact that none of the Choice Projects had identified self-employment as a focus until project participants requested the option.[38] These findings suggest that–given a choice–people with disabilities are likely to pursue self-employment as an alternative to wage employment.

Self-employment outcomes within the vocational rehabilitation system vary from state to state. Nancy Arnold, Tom Seekins, and Craig Ravesloot studied the rates of self-employment in all fifty states. They found that, in 1988, self-employment rates among VR clients ranged from .53 per cent (California) to 7.34 per cent (Alaska). Their findings further indicated that self-employment outcomes were more likely to occur in rural than in urban states.[39]

Barriers to Business Ownership

Several barriers discourage potential entrepreneurs with disabilities from pursuing business ownership:

- Business development resources are frequently inaccessible to people with disabilities. Reference materials and training programs are rarely adapted into formats that are accessible to people with sensory and learning disabilities. Few business development programs (public or private) address the need to reach out to people with disabilities. Services are typically provided at the convenience of the service provider, making it difficult for those with mobility and/or transportation limitations to access services.

- Low- or no-cost technical assistance is not as widely available in rural areas as it is in urban and suburban areas. Financial constraints make it difficult for many people with disabilities to afford the level of technical assistance they need to launch their business ideas.

- The business planning process is perceived by many to be a series of unnecessary hoops designed by bureaucrats and business development professionals to discourage people from starting their own businesses. Business planning, however, does not need to be complicated. It should actually simplify the start-up process by helping the entrepreneur logically organize and keep track of information that would otherwise be confounding.

- Fear of losing means-tested assistance such as cash benefits, housing assistance, and publicly funded health insurance discourages many people with disabilities from actively pursuing self-employment and other income-generating activity. For many, earned income actually results in a net loss when reductions in public assistance are factored in.

- Low expectations regarding the self-employment potential of people with disabilities discourage entrepreneurship. Just like everyone else, individuals with disabilities are susceptible to common myths and stereotypes about the abilities of people with disabilities. This low ceiling of expectations often squelches entrepreneurial thinking.

Making the Dream a Reality

Consistent with the rise in self-employment outcomes for other disadvantaged populations, people with disabilities are beginning to understand that, for many, self-employment provides flexibility and income opportunities unavailable through traditional wage employment. The opportunity to meet an identified market need in an industry that is well matched to a person's skills and interests can be an attractive ticket to economic independence for people with disabilities.

The following pages profile five distinguished entrepreneurs who have found personal, professional, and financial satisfaction through business ownership. Although each of these individuals experiences a disability, they are–first and foremost–entrepreneurs.

Eagle Communications, Inc. remanufactures used printer cartridges for laser and inkjet printers. This Fort Dodge, Iowa-based firm is also an authorized sales and service center for Hewlett Packard and other major brand printers. Products and services, however, are not this business' only focus. Owner Gene Van Grevenhof, who is disabled, also sees the business as a platform for providing employment opportunities for other people with disabilities. In fact, the company employs a staff of nine–all individuals with disabilities.

Following three years of military service inVietnam, Van Grevenhof spent ten years as a truck driver. When a back injury coupled with arthritis prevented him from continuing in this line of work, he found himself collecting cans along the roadside for income. Too stubborn and proud to apply for government assistance, Van Grevenhof was determined to find a career that would accommodate his disability. This desire to be productive again led him to Iowa Central Community College in Fort Dodge where he studied electronics and computers.

In 1995, Van Grevenhof enlisted the assistance of Iowa's Entrepreneurs with Disabilities Program with the goal of developing his business idea and creating a financing plan. As a result, he launched Eagle Communications with an initial capitalization of $30,000–including an equity grant of $15,000 from the Entrepreneurs with Disabilities Program which leveraged an additional $15,000 from a local bank. Since that time, he has leveraged an additional $30,000 from his bank and a statewide non-bank lender to expand the business.

In 1999, Eagle Communications had gross sales of $187,000. The company now serves a regional market, with clients in eleven states. Van Grevenhof recently bought out his competition, acquiring two additional businesses in the region. He intends to continue to grow the business with the goal of hiring more people with disabilities. Van Grevenhof is proud to have created "a business where people with disabilities can work and become part of society again."

Eagle Communications was named *Rookie Business of the Year* by the Fort Dodge Chamber of Commerce and was awarded the *Small Employer of the Year Award* by the Iowa Commission on Persons with Disabilities. In May 2000, Aida Alvarez, Administrator of the U.S. Small Business Administration, presented Van Grevenhof with the prestigious *Evan Kemp Entrepreneurial Award.*

Eagle Communications
Fort Dodge, IA
www.eaglecomm-inc.com

Owner:
Gene Van Grevenhof

Initial Capitalization:
$30,000

Sources of Capital:
- Iowa's Entrepreneurs with Disabilities Program
- Commercial lender

Revenues:
$187,000 gross sales

Number of Employees:
9 (7 full-time, 2 part-time)–all individuals with disabilities.

Future Goals:
Expand opportunities to employ more people with disabilities.

Eagle Communications
115 S. 21st
Fort Dodge, IA 50501

Phone: 515-955-8744
Toll Free: 800-488-6805

Totalily Water Gardens creates and sells ornamental water gardens. This Spencer, New York-based firm offers a full line of supplies, including eight species of fish, pond liners, and over 150 varieties of water plants. Totalily offers seminars for professionals and do-it-yourselfers and has subcontractors available to install water gardens. Owner Tim Schwender's work experience and love of the outdoors provided the perfect background for establishing this venture.

A lifetime outdoorsman, Schwender worked in landscaping as a young man. As a landscaper, he became fond of planning and installing water gardens–something that he continued to do on a part-time basis even after he went to college and embarked on a career as a fish and wildlife technician. As a fish and wildlife technician, Schwender tested lakes, ponds, and streams and conducted hatchery studies. It was this active outdoor life that contributed to his disability. In 1995, Schwender contracted Lyme disease and, within a year, was unable to continue in his chosen profession.

Schwender performed a market analysis and determined that there was sufficient demand in Spencer, New York, to sustain a water garden supply store. He approached New York State Vocational and Educational Services for Individuals with Disabilities (VESID) after finding a property that included both a residence and outbuildings. With an $11,000 grant from VESID that leveraged a $20,000 bank loan, Schwender was able to convert the outbuildings into greenhouses and retail space, purchase needed equipment, and launch his business. Schwender has never collected government benefits.

Since its inception, Totalily Water Gardens has experienced steady growth. In the first year of operation, the business grossed $7,800; in year two, gross revenues increased to $43,000; this past year, that figure almost doubled to $78,000. Schwender has hired a part-time retail salesperson and plans to add a full-time employee. Schwender's short-term plans include the development of a Web site, the construction of additional display gardens, and the expansion of the greenhouses so that more plants can be grown on-site.

Totalily attracts customers from Buffalo, Ithaca, Binghamton, and Elmira, New York, and from Wilkes Barre and Scranton, Pennsylvania. Schwender's water gardens are featured in a local tourism brochure, and he was voted *Entrepreneur of the Year* by VESID in 1998.

Totalily Water Gardens
Spencer, NY

Owner:
Tim Schwender

Initial Capitalization:
$31,000

Sources of Capital:
- New York State Vocational and Educational Services for Individuals with Disabilities
- Commercial lender

Revenues:
$78,000 gross sales

Number of Employees:
1 part-time employee

Future Goals:
Development of a Web site, construction of additional display gardens, expansion of greenhouses, and the addition of a full-time employee.

Totalily Water Gardens
591 Candor Road
Spencer, NY 14883

Phone: 607-589-7956

Universal Low Vision Aids, Inc. (ULVA) is a Columbus, Ohio-based firm specializing in assistive devices and software for people with print impairments (such as blindness, low vision, and learning disabilities). In addition to product sales, ULVA offers optional on-site installation, system orientation, and technical support. Owner Dessie Page, who has a visual impairment, knows first-hand how crucial these devices are to those who need them.

Page was employed in research and development at a major university until progressive blindness forced him to leave the workforce. After five years of unemployment, Page recognized that the proper assistive devices would enable him to continue working. Realizing that this represented a promising market opportunity, Page founded ULVA.

As one of the first participants in the Ohio Rehabilitation Services Commission's (RSC) Project BOSS (Business Opportunity Success System), Page started ULVA with a $10,000 equipment grant from Ohio RSC's Bureau of Services for the Visually Impaired. The equipment enabled him to offer product demonstrations, leading to his initial sales. After that, Page says, "it was sink or swim time." He sought no additional help for the business and has never collected Social Security benefits.

This firm that once operated out of a fledgling office on Page's side porch, now has an accessible office in downtown Columbus where customers can browse the latest equipment. Today, ULVA enjoys gross sales in excess of $500,000 annually. The company serves the entire state of Ohio and has a staff of six–many of whom are people with vision disabilities. While the business has experienced steady growth over the years, Page's focus hasn't changed–he still gets great personal satisfaction from meeting his customers' needs.

Henter-Joyce, Inc. (producer of JAWS for Windows) recognized ULVA as their *Best All Around Dealer*. ULVA has also received recognition from Arkenstone, an equipment and software manufacturer, for outstanding sales achievements.

Universal Low Vision Aids
Columbus, OH
www.ulva.com

Owner:
Dessie Page

Initial Capitalization:
$10,000

Sources of Capital:
Ohio State Bureau of Services for the Visually Impaired

Revenues:
Annual gross sales in excess of $500,000

Number of Employees:
6 full-time employees–many of whom have vision disabilities

Future Goals:
Page is intent on continuing to meet his customers' needs.

Universal Low Vision Aids, Inc.
8 East Long Street, Suite 210
Columbus, OH 43215
Phone: 614-224-6465
Fax: 614-224-2258

Access Travel is a Columbia, Maryland-based travel agency specializing in vacations and tours for travelers with disabilities. Owner Tim Daly recognized the need for a travel agency focusing on the unique needs of travelers with disabilities after he was diagnosed with Friedreich's Ataxia–a disability that causes poor coordination and balance.

Prior to the onset of his disability, Daly spent twenty-six years in sales and marketing. His occupation required extensive travel–an activity that became increasingly difficult as his disability progressed. This was complicated by a heart-attack and open-heart surgery. Reflecting on his own traveling difficulties, Daly recognized the market potential for a travel agency that was both sensitive and responsive to the needs of travelers with disabilities.

Working closely with the Central Maryland Small Business Development Center and Maryland's RISE (Reach Independence through Self-Employment) Program, Daly crafted a business plan and secured financing for his venture. Daly started Access Travel with an initial capitalization of $27,000–including $16,500 from the Maryland Division of Rehabilitation Services, a $2,000 bank loan, and a personal investment of $8,500. During its first full year of operation, Access Travel grossed $56,000; projected revenues for 2000 are $250,000. Although Daly continues to receive Social Security Disability Insurance (SSDI), he estimates that within twenty-four months he will no longer require those benefits.

Access Travel has organized special tours for the Multiple Sclerosis Society, the Muscular Dystrophy Association, and others. Daly is currently negotiating a contract with the U.S. Army. In addition to making travel arrangements, Daly and his two part-time employees are in high demand as public speakers throughout the region.

Daly is the recent recipient of the *Outstanding Achievement Award* from the Economic Development Commission of Howard County, Maryland, and the Muscular Dystrophy Association's *Outstanding Individual Achievement Award* for the state of Maryland. Daly is currently working on a book on accessible travel for people with disabilities and seniors and is a columnist on the same topic for halftheplanet.com, a disability-related Web site.

Access Travel
Columbia, Maryland
www.timdalytravel.com

Owner:
Tim Daly

Initial Capitalization:
$27,000

Sources of Capital:
- Maryland Division of Rehabilitation Services
- Commercial lender
- Owner investment

Revenues:
$56,000 gross in year 1, with projected revenues of $250,000 for 2000.

Number of Employees:
2 part-time employees

Future Goals:
Publishing a book on accessible travel and eliminating dependence on public assistance.

Access Travel, Inc.
5404 Storm Drift
Columbia, MD 21045

Phone: 410-715-1241
Toll Free: 888-342-5315
Fax: 410-715-0957

Eaton Equestrian Centre is an Anchorage, Alaska-based business that trains horses and riders in show-ring jumping and dressage. The Centre also offers equestrian therapy, with a focus on individuals with paralysis. Owner Julie Eaton, who uses a wheelchair, has trained a number of riders who have gone on to compete in local, state, and national competitions. In fact, she has three National Championships to her credit.

Eaton sustained a spinal cord injury while training a horse in 1984. The accident left her paralyzed, with no movement below her chest and little movement in her arms and hands. Following her injury, Eaton's 10,500 square-foot, heated Equestrian Centre was no longer accessible to her. Unable to continue in that line of work without significant accommodations, Eaton approached the Alaska Department of Vocational Rehabilitation (DVR) to develop a plan for rejoining the workforce. According to Duane French, Director of DVR, the decision was whether to send Eaton to school to obtain an advanced degree in a new profession or to assist her in continuing to operate an existing and successful business. The answer was obvious.

Alaska DVR accommodated Eaton by providing $180,000 to install covered walkways and ramps connecting her house and the ring so that she could work year round. The grant also enabled the construction of a raised walkway around the perimeter of the ring, giving Eaton the proper vantage point from her wheelchair. Eaton has never received government benefits such as Social Security

In 1999, Eaton Equestrian Centre enjoyed gross revenues of $270,000. Eaton currently employs her daughter, Britta, who helps with heavy lifting. She plans to continue her work as a trainer and horse boarder, and also plans to continue assisting other people with disabilities by making her barn and horses even more accessible. She looks forward to technology playing an increasing role in her daily life and the efficient operation of her business. Toward that end, Eaton's short-term goals include establishing a business presence on the Internet.

In 1983-84 Eaton was a finalist for *Business Woman of the Year.*

Eaton Equestrian centre

Eaton Equestrian Centre
Anchorage, AK

Owner:
Julie Eaton

Initial Capitalization:
Alaska Department of Vocational Rehabilitation

Revenues:
$270,000 gross in 1999

Number of Employees:
One

Future Goals:
Establishing a business presence on the Internet and making her barn and horses even more accessible to people with disabilities.

Eaton Equestrian Centre
5801 Moose Meadow Lane Circle
Anchorage, AK 99516

Phone: 907-346-3745

Overview of the Business Planning Process

Working Hard and Working Smart

"You've already got a plan for how you expect your business to turn out," writes Seth Godin of the business planning process in *If You're Clueless About Starting Your Own Business and Want To Know More*, "even if it's only a vague set of dreams in your head. That's great. Every business may not start with a plan, but it's safe to say that all of them start with a dream. Every small business expert worth his spreadsheet will tell you, however, that dreams are not enough–you need a written business plan."

Years ago, when Mom and Pop operated a family-owned business from the ground floor of the building in which they lived, success in business was probable just by working hard. Today, it's a different world. It's no longer enough to work hard–successful business owners also have to know how to work smart! Rather than hanging out a shingle to announce the opening day of business, new business owners plan for a successful start-up by researching and developing what is known as the "tool of the trade:" a business plan.

Well-researched business plans act as a blueprint for how to launch a specific business. Lining the shelves of bookstores and libraries are guides that suggest as many approaches to developing a business plan as there are business ideas. They come in a variety of formats, some written as industry-specific guides and others more general in nature. Whatever the format, the content typically covers the same central topics: cover sheet, executive summary, organizational plan, marketing plan, a financial plan and finally, additional items that support the content. "They may not solve every problem,"concedes Seth Godin, "but they'll give you a place to start and a focus as you build your business from the ground up."

Business Planning 101

Cover Sheet: Always the first page of the plan, the cover sheet includes the name, address, and phone number of the business and all owners or officers.

Executive Summary: Typically written after the main components of the business plan are complete, the Executive Summary reviews the content of the business plan. If loan funds are necessary, the Executive Summary states the loan request and specifies how the loan proceeds will be used.

Organizational Plan: Complete with a business description, information about the legal structure, management, and personnel. The Organizational Plan also identifies the business owner's background, technical preparedness and general qualifications to successfully operate the business.

Marketing Plan: Three simple questions form the basis for the marketing plan: How many (customers in each target market)?; How much (will they spend for your product or service)?; How often (will they purchase your product or service)?. The marketing plan is a detailed strategy for a twelve to twenty-four month period that proves market need and establishes a plan for capturing and keeping customers.

Financial Plan: The Financial Plan translates customer information into a financial format and includes a detailed loan request, sales projections, and a break-even analysis–at a minimum.

Useful Web Sites

Home-based Businesses/Self-Employment

At Home Professional Magazine - for people working from home. Features include home-based business success stories, how to set up your home office, resources, opportunities and more. http://www.homeprofessionals.com

Entrepreneur's Home Office Magazine - features articles on running your own small business or working for someone else from your home office. http://www.homeofficemag.com

Home Business Journal - presents articles for home business owners and links to government and small business Web sites. http://www.homebizjour.com

Networkingmoms.com - offers tips and networking opportunities for women balancing family and professional obligations. http://www.networkingmoms.com

Working Solo Online - news, tips, resources, e-newsletter, links and other valuable information for solo business owners. http://www.workingsolo.com

Minority/Disabled Business Ownership

Asian Enterprise - representing Asian American entrepreneurship and small businesses. http://www.asianenterprise.com

Minority Business Development Agency - offers four virtual centers focused on franchising, aquaculture, international trade and manufacturing. http://www.mbda.gov

Minority Business Entrepreneur - for and about minority and women business owners. Covers legislation, policy issues, financing and more. http://www.mbemag.com

Self-employment and Small Business Services for People with Disabilities - sponsored by the President's Committee on Employment of People with Disabilities, this Web site provides an excellent multi-media listing of small business resources. http://www.jan.wvu.edu/sbses

Business Planning

Biztalk - small and home business daily magazine aimed at entrepreneurs looking to start or grow their own companies. http://biztalk.com

Business Hotline-Online - books, audio and video tapes, trade directories and software for business owners. http://www.bizhotline.com

Business Resource Center - advice on everything from business plans to financing options. http://www.morebusiness.com

Entrepreneur Magazine - features daily news, chat rooms, message boards, interactive coursework and more. http://www.enterpreneurmag.com

Inc. Online - the web site for growing companies, including virtual consulting, article archives, technology information and more. http://www.inc.com

SCORE - free on-line business consultation from retired business executives. Also find out how to contact the SCORE chapter nearest you. http://www.score.org

Small Business Administration - almost everything needed to prepare for business start-up. http://www.sba.gov

Small Business News - offers solutions to the daily challenges of growing a business. Topics include management, finance, marketing, technology, health care and personnel. http://www.sbnpub.com

Your Company - business publication targeted exclusively to small business owners. http://www.pathfinder.com/fortunesb

Technical Questions/Professional Services

FindLaw - a small business legal center written for the layperson. Includes a legal guide for starting and running a small business. http://www.smallbiz.findlaw.com

IRS - download tax forms, view IRS publications and get advice from tax collectors themselves. http://www.irs.gov

Lawyers.com - profiles of over 400,000 lawyers. http://www.lawyers.com

Quicken.com - answers to common tax questions, including IRA deductions. http://www.quicken.com/taxes

Small Business Taxes and Management - find the latest information about tax laws affecting your small business. htttp://www.smbiz.com

U.S. Patent and Trademark Office - information regarding patents and trademarks. http://www.uspto.gov

Building Blocks for Success:
Policies, Programs, and Practices

The existence of targeted self-employment initiatives within public and private rehabilitation service systems is a fairly recent phenomenon, and the shape and style of these initiatives is still very much a work in progress. From million dollar statewide systems to local pilot projects, the objective is similar: *To offer people with disabilities the choice of pursuing self-employment through effective service systems that encourage and support business success.*

A review of active self-employment initiatives targeted to individuals with disabilities reveals a common set of building blocks for successful program design and implementation. Those building blocks are:

- Internal policy regarding entrepreneurship and self-employment
- Counselor preparation
- Assessing client potential
- Understanding market opportunity
- Technical assistance
- Financing, and
- Tracking and monitoring.

There is no single "best" method for developing or delivering this bundle of services. Initiatives are shaped by local regulations, policies, and customs.

Internal Policy Regarding Entrepreneurship and Self-Employment

Analysis of self-employment policies of vocational rehabilitation agencies in three states (Minnesota, Texas, and Iowa) revealed several commonalities. The agencies included in this analysis were Minnesota Vocational Rehabilitation, Texas Commission for the Blind, and Iowa Division of Vocational Rehabilitation Services/Iowa Department for the Blind. The analysis included general self-employment policies and structured self-employment initiatives.

Three common themes were identified: (1) Self-sufficiency as the primary objective of self-employment, (2) Comprehensive business planning as a valuable counseling tool, and (3) Parameters for financing self-employment outcomes. The specifics of state policies relative to these common themes varied from state to state.

The following synopses provide a snapshot of policies relative to self-employment in the three states:

- Minnesota Vocational Rehabilitation requires a business plan that has received a positive recommendation from a Small Business Development Center (SBDC) or a similar, recognized business planning organization. Businesses that receive a positive

recommendation may receive up to $5,000 for business start-up, and no owner investment is required. Approved business plans must demonstrate that the business will provide significant income, enabling the owner to exceed expenses and, at a minimum, significantly supplement their income with business profits.[40]

- Texas Commission for the Blind recommends a business plan, but only requires it for business start-ups requesting $7,500 or more; counselors can fund business ventures requiring less than $7,500 in start-up capital without a formal business plan, even when self-sufficiency is not eminent. Texas policy does not establish a cap on the amount of funds that may be provided, and owner investment is not required.[41]

- Iowa Division of Vocational Rehabilitation Services (DVRS) and Iowa Department for the Blind (IDB) also require a business plan. When appropriate, the Iowa agencies purchase one-on-one technical assistance to help consumers prepare comprehensive business plans. In Iowa, DVRS consumers who are in the exploratory stage or for whom self-sufficiency is not eminent may participate in the First Step Program. First Step participants may receive financial assistance grants up to $2,500 with an approved business plan, and no owner investment is required. Those who pursue self-employment as a means for achieving self-sufficiency may apply for technical and financial assistance from Iowa's Entrepreneurs With Disabilities Program (a cooperative program supported by both DVRS and IDB). The Entrepreneurs with Disabilities Program provides equity grants of up to 50 per cent of the essential operating capital required for business start-up or expansion, not to exceed a ceiling of $10,000. Participants in this program must leverage the remaining capital from other sources such as owner investment, commercial loans or friends and family.[42]

Some variation between states regarding what can and cannot be purchased with these funds was noted. Generally, public vocational rehabilitation funds may be used to purchase some level of stocks, supplies, and equipment. The purchase of real estate is universally prohibited, and policy regarding operating capital for advertising, legal services, accounting, utilities, and capital for the purchase of vehicles varies from state to state.

Insight from the policy review suggests that while public vocational rehabilitation programs do have self-employment policy models to draw from, inconsistencies are found in fundamental business issues:

1. Is technical assistance and business planning a valued service regardless of the funding requirements of the venture?

2. Should consumers requesting self-employment financial assistance dollars convey commitment to their vocational rehabilitation plan by participating in financing the goal?
3. Finally, are hobby ventures consistent with successful employment outcomes as defined by traditional vocational rehabilitation?

These are among the existing policy issues critical to public and private vocational rehabilitation organizations and will likely be joined by others that emerge as self-employment outcomes

continue to grow and rehabilitation professionals acknowledge and address lessons learned.

Preparing the Vocational Counselor

The attitude and experience of vocational counselors regarding self-employment or small business ownership is a key factor in determining if counselors present them as available options. Counselors who are unfamiliar or uncomfortable with self-employment or small business ownership may be less likely to present them as an options. If they are not presented as options, regardless of the reason, the consumer does not really have a choice.

For many years, self-employment has been regarded by rehabilitation professionals as an option of last resort. Low on the list of preferred outcomes, self-employment has been considered only when competitive employment and job placement fails. This is due, in part, to the fact that it requires a level of risk and resources unfamiliar to most rehabilitation professionals. It requires them to operate outside of common vocational rehabilitation strategies and demands skills and expertise that they have not had the opportunity to develop. This is compounded by insufficient policy guidance relative to self-employment. Thus, counselors who pursue self-employment with their clients are often unsupported by their agencies.

Organizations that are committed to entrepreneurship must support front-line employees with clear policies and ongoing education. As Franklin Corbin, a counselor with the Oregon Department of Human Resources, Vocational Rehabilitation Division, stated, "Self-employment used to be the kiss of death at this agency." He added that, " Fortunately, policy has changed, and if self-employment is the best choice, then let's do it!"[43] This counselor's attitude and understanding of self-employment was supported by his agency with continuing education on the specifics of small business start-up and a clear agency policy toward self-employment.

Few states require vocational rehabilitation counselors to assist in the development of a business plan. Rather, most counselors are encouraged to identify and utilize local business planning resources. Nonetheless, it is essential that counselors have a basic understanding of self-employment and small business in order to provide adequate counseling support to clients. This basic understanding, developed through ongoing training, will help counselors know how to effectively use outside business planning resources, when to access them, and how to support clients in using those resources effectively.

A sample course outline for VR staff should include:

- Self-employment as a proven and successful vocational goal
- Internal self-employment policy review
- Characteristics of successful business owners
- Assessing potential
- Business plans–what are they?
  - Products/Services
  - The market

- Business operations
- Financial assumptions and projections

- Feasibility testing
- Community resources
  - Financing
  - Technical assistance
- Agency policy
  - Monitoring
  - Case closure.

Assessing Client Potential

> *Experience has taught me that there is one chief reason why some people succeed and others fail. The difference is not one of knowing, but of doing. The successful man is not so superior in ability as in action. So far as success can be reduced to a formula, it consists of this: doing what you know you should do.*
>
> – Roger W. Babson, Financier, Educator, Entrepreneur

Within public and private vocational rehabilitation systems, the use of assessment tools is commonplace. The Guilford Zimmerman Personality Assessment, the Career Assessment Inventory, and the Wide Range Achievement Test are examples of assessment tools commonly used by rehabilitation professionals. Self-employment assessment tools may be a welcome addition for counselors who lack a background in business development. These tools can help counselors identify personal characteristics and experience that suggest proficiencies or deficiencies in self-employment potential. However, these assessment tools should not be relied upon too heavily for screening purposes, as it is impossible to measure an individual's entrepreneurial quotient or scientifically determine the probability for business success based on a test instrument. As with any tool, the effectiveness of self-employment assessment tools depends on how they are used.

Although there is no way to definitively test an individual's entrepreneurial quotient, there are a number of characteristics that entrepreneurs tend to share. These traits, as well as personal characteristics and financial issues, should be explored with aspiring business owners:

- Self discipline
- Motivation
- Internal locus of control
- Comfort with risk
- Ability to handle stress
- Money management skills
- Organizational skills
- Sense of humor
- Financial goals
- Credit history
- Personal support network
- Health factors.

Two instruments used by counselors within public and private vocational rehabilitation organizations to explore an individual's viability as a potential business owner include:

- *The Business Assessment Scale*, a statistical business evaluation (Goodman and Herzog & Associates), previously or currently used by vocational rehabilitation agencies in Michigan, Colorado, New Jersey, Pennsylvania, North Dakota, New Hampshire, Montana (Missoula area only), Maine (regionally), Virginia, and Alabama.[44]

- *The Measure of Self-Employment Potential* (C/S Vocational Consultants), a counseling tool developed for rehabilitation and self-employment counselors by a team of certified rehabilitation counselors who provide small business technical assistance to people with disabilities. The tool is designed for use by counselors to not only collect critical data, but to encourage dialogue in the early stages of considering and then developing an employment plan. Introduced in 1999, *The Measure of Self-Employment Potential* is currently in use by Alaska Vocational Rehabilitation, Maryland Division of Rehabilitation Services (pilot program), Texas Commission for the Blind, Abilities of Florida (Clearwater area), Oklahoma Department of Rehabilitation Services, Iowa Division of Vocational Rehabilitation Services, and the Wisconsin Women's Business Initiative.[45]

Market Opportunity

Selection of the right industry is a critical step in laying the groundwork for business success or failure. Far too many entrepreneurs select an industry based solely on personal interests, without adequate investigation of the marketplace. Many active self-employment initiatives address this issue by helping aspiring entrepreneurs conduct initial research designed to answer the following questions:

- What business idea appeals to the individual?
- What qualifications does the individual have relative to the business type?
- What are industry trends?
- Who are the customers? Will they buy from a new entrant?
- Is there room in the market for a new entrant?
- Who are the competitors?

Research regarding these initial questions in the business planning process can provide an early indication of business feasibility.

While most business concepts are derived from personal interests and then tested for feasibility, the converse is also effective. In Maryland, the Division of Rehabilitation Services (DORS) sponsors the RISE Program (Reach Independence through Self-Employment), which furnishes prospective and existing business owners with the results of a Targeted Industry Analysis (TIA). The TIA is a market research tool that identifies industries with the highest probability of success for new entrants and expansions within specific geographic boundaries. More specifically, the TIA report reveals industries with significantly fewer than the expected number of firms for their

market area. Through the identification of these market opportunities, RISE participants can identify an industry opportunity that not only fits their personal goals but also has a high probability of business success.

Technical Assistance

Technical assistance for business start-up and stabilization is central to any comprehensive small business initiative. The need for technical assistance for business expansion purposes is rare–expansion indicates that the business is stable and successful, but the need to stabilize an existing business is common to all small business owners.

Rehabilitation programs may tap into a variety of local technical assistance resources, including professional consultants, Small Business Development Centers, and microenterprise organizations. Technical assistance can be delivered effectively in both one-on-one and group training formats. Regardless of the source and format of technical assistance, it should help the entrepreneur identify *what* information is critical to the business, *where* to access that information, and *how* to organize the information into a comprehensive and *useful* format (a business plan). Business planning will surface potential pitfalls so that they can be addressed prior to business start-up.

In addition to business plan development, new and potential entrepreneurs frequently need specialized technical assistance services such as specific marketing research and interpretation, development of record-keeping and bookkeeping systems, tax consultation, Internet expertise, and legal counsel regarding leases, contracts, and patents. It is impossible for any single organization to have the internal capacity to address the wide range of needs that may arise. However, it is imperative that resources are available to offer specialized assistance when it is critical to the success of a business.

Technical assistance may also be prescribed to review completed business plans. Review is a logical conclusion to business plan development and may support rehabilitation professionals in making funding decisions. Business plan review is particularly important when an individual is seeking financing outside of the rehabilitation system. Thorough review reveals the potential business owner's depth of knowledge regarding the intended operation of the business and prepares him or her to successfully seek and obtain adequate capitalization. Methods of review vary from peer review to analysis by management to evaluation by a team of financial professionals.

Business Financing

A combination of owner savings, commercial financing, non-bank financing, friends and family account for the capitalization of most business starts. A small percentage utilize other resources that may include credit card advances, vendor credits, and second mortgages on a residence.[46] Of the 10,000 members of the Disabled Businessperson's Association, 47 per cent identified friends and family as their primary source of start-up capital with only 7 per cent acquiring capital from

banks or investors.[47] These statistics exemplify the difficulty targeted populations experience in trying to gain access to traditional sources of capital. Inadequate owner equity, due to exhausted assets often related to the disability, keeps many entrepreneurs with disabilities from obtaining financing from traditional sources. Ongoing economic distress, which inevitably impacts credit histories, is also common to their inability to access capital.

Many public vocational rehabilitation programs rely on Section 110 (case service) dollars to provide initial business funding. Many initiatives also encourage qualified individuals to access Social Security PASS (Plan for Achieving Self-Support) Plans and venture funding from the Veteran's Administration, when applicable. The advantage of these resources, aside from the fact that they are grants, is that they are booked on the asset side of the balance sheet and can be presented as owner equity to leverage a variety of bank and non-bank resources. Loan guarantees, microloans, and state and local economic development funds are more easily accessed when a comprehensive business plan and an equity grant from a public or private rehabilitation agency are in place.

Only a few state programs have developed targeted loan funds for people with disabilities. In Pennsylvania, a partnership between Pittsburgh Vision Services and New Castle's Office of Vocational Rehabilitation (OVR) have created a microloan fund for consumers of OVR services. The fund provides low interest loans of up to $10,000 for a maximum term of five years. Consumers are expected to provide 20 per cent of project costs from their own equity. In three years of operation, the program funded twenty-one new business starts in the New Castle area. In addition to the microloans, this partnership also provides ongoing monitoring and direct technical assistance.

Another example of a targeted loan fund is the Microloan Program operated by the Ann Arbor, Michigan, Center for Independent Living. The fund, which has been operational for 2 years, provides loan guarantees of up to $25,000 or 50 per cent of a commercial loan (whichever is less). The Microloan Program is capitalized primarily through a grant from the Mott Foundation with additional funds from United Way and Michigan Rehabilitation Services (MRS). The statewide program is open to any applicant with a disability, with the majority of participants being consumers of MRS. MRS consumers may receive an equity grant from MRS and use the Microloan Program if additional capital is required.

Tracking & Monitoring

As difficult as it may be to make the trip from initially considering self-employment through development of a business plan and ultimately the grand opening–that first day in business is really just the start of the journey. The most challenging days lie ahead for both the new entrepreneur and those who provide self-employment programming. Agencies that present and encourage self-employment as a vocational rehabilitation option should create a system to monitor the health and vitality of the start-up enterprises. Rehabilitation counselors, local government and non-profit agencies, volunteers, private service providers, or any combination of the above can effectively monitor business progress. With a monitoring system in place, the needs of the business and the entrepreneur can be addressed as they arise.

Iowa's Entrepreneurs With Disabilities Program (EWD) utilizes a cadre of professional business consultants who work one-on-one with the business owners at the direction of the program manager. Through monthly monitoring sessions and periodic on-site visits, the business consultants are able to observe operations first-hand, review and analyze records, and prescribe appropriate technical assistance as required. Policy ensures that EWD clients are monitored for a period of two years from the time of start-up or until financial self-sufficiency is achieved. This policy varies from traditional rehabilitation policy, which recommends case closure within three to four months following successful placement in competitive employment.

Ohio Rehabilitation Services' EnterpriseWorks Program utilizes an alternative approach to monitoring client progress and providing technical assistance. The Ohio initiative delivers individualized technical assistance to their participants through regional Small Business Development Centers (SBDCs). This ongoing technical assistance is provided to business owners for as long as necessary. The expense to EnterpriseWorks is $250 per month per client served.[48] Annual contracts with the SBDCs describe the specific monitoring and counseling activities to be undertaken in each community. SBDCs also play a major role in the provision of technical assistance and monitoring services in self-employment initiatives in New York, Michigan, Maryland, and Alabama.

Summary

There is no standard "cookie cutter" approach to designing and implementing successful self-employment programs targeted to individuals with disabilities within public and private rehabilitation service systems. Existing programs across the nation are as unique as the individuals they serve. While no two programs are identical, they share several common threads: internal policy, counselor preparation, assessment of client potential, understanding market opportunity, technical assistance, financing, and tracking and monitoring. These program characteristics serve as building blocks for successful self-employment programs and can be shaped to reflect the unique needs of local areas.

Entrepreneurial Opportunities for Individuals with Disabilities

A Status Report from the Blue Ribbon Panel on Self-Employment, Small Business, and Disability

The National Blue Ribbon Panel on Self-Employment, Small Business, and Disability focused on four primary topics related to self-employment: (1) Training and Technical Assistance, (2) Finance, (3) Government Policy, and (4) Entrepreneurs' Perspective. Forty-four participants were organized into four work groups, with each group exploring one of the four topics. Each work group identified opportunities and barriers related to their assigned topic and developed recommendations for eliminating or minimizing those barriers.

The individuals participating in the Blue Ribbon Panel were selected based upon their interest and expertise relative to self-employment, small business, and vocational rehabilitation. Participants represented a cross-section of public and private interests. Public sector representatives included the Small Business Administration (SBA), small business development centers (SBDCs) from several states, the Social Security Administration (SSA), Rehabilitation Services Administration (RSA), several state vocational rehabilitation (VR) programs, and service organizations for blind individuals. The private sector was represented by an interesting mix of bankers, business owners with disabilities, small business development professionals, rehabilitation organizations, and insurance companies. Non-profit organizations representing disability and microenterprise interests were also present. Participants used their collective expertise to discuss self-employment and small business ownership opportunities for individuals with disabilities. The resulting dialogue set forth recommendations based upon acknowledged barriers to self-employment for individuals with disabilities.

Although four work groups were established, the recommendations that emerged from the work groups centered on three topics: (1) Training and Technical Assistance, (2) Government Policy, and (3) Finance. The recommendations of the various workgroups were frequently overlapping. For example, recommended changes in government policies were identified by all four work groups. The Entrepreneur's Perspective Work Group transcended all topic areas and, as a result, their recommendations were blended into the corresponding topics in this report.

This report is a compilation of barriers and recommended actions identified by the four work groups. Additional barriers and recommendations have been incorporated to supplement the proceedings of the Blue Ribbon Panel. While the objective is to bring awareness to critical barriers and suggest solutions to addressing those barriers, the number of individuals with disabilities who are becoming self-employed is growing and therefore, new barriers and opportunities continue to surface.

Training & Technical Assistance

Each of the four work groups of the National Blue Ribbon Panel acknowledged that the current level of education regarding self-employment as a viable option for individuals with disabilities is inadequate. The work groups recognized that a variety of educational approaches are warranted to facilitate timely progress on this important issue. Consequently, the recommendations gleaned from the work groups relative to training and technical assistance focus on establishing a framework for addressing the educational needs of individuals with disabilities and the public and private entities that serve them. This framework includes four broad components:

1. Compilation of small business planning materials
2. Development of service delivery systems for providing comprehensive training and technical assistance to individuals with disabilities
3. Education of professionals, and
4. Establishment of a trade organization.

Small Business Planning Materials

Over the past ten years, newsstands, libraries and bookstores have witnessed an explosion of printed materials, including books and magazines, that focus on starting or expanding a small business. The "how to" aspect of these materials is typically general in nature–meaning that the approach is generic and can be adapted to any type of business. These general materials are augmented by those focusing on specific businesses and industries. For example, materials focusing on best practices for developing consulting firms, import/export businesses, home-based businesses, and Internet-based businesses are commonly available. Printed resources are now complemented by software, informative Web sites, television programming, distance learning, audio tapes, and video tapes; these mediums take information off of the bookshelf and into the living room. Additionally, a variety of U.S. and European publishers have developed effective training programs and curricula that are appropriate for many age groups and reading levels and are well-suited for both group training and individual study.

Given the widespread availability of business planning materials on how to start *any* type of business, is there a need for a new body of published materials designed specifically for individuals with disabilities? No–business practices are standard and applicable to all who want to minimize the risk of starting or expanding a small business by researching, planning, and

preparing for success. There is no need to reinvent the wheel. What *is* needed is a concerted effort to ensure that new and existing materials are accessible to and usable by people with all types of disabilities.

Recommendations

- **Compile a comprehensive list of resource materials related to effective small business planning practices.** Individuals with disabilities both inside and outside of service delivery systems will be well served by convenient access to an organized and accessible compilation of business planning resources. Existing materials should be reviewed to identify general business planning and industry-specific resources that are high-quality, user-friendly, and available in a variety of mediums. An essential component of this strategy is an effective means of delivering those resources into the hands of individuals who can benefit from them.

- **Encourage publishers to adapt materials into alternative formats, such as large print, Braille, audio tape, and video tape.** While business planning resources are widely available, those resources can rarely be found in formats that are accessible to individuals with print impairments. This is a significant barrier that must be addressed.

It should be noted that the President's Committee on Employment of People with Disabilities has launched a Web site (http://www.jan.wvu.edu/sbes) that provides a comprehensive listing of resources on self-employment and small business. The information is available from the site's home page by clicking on *Resources for Self-Employment and Small Businesses* which has the following links: Small Business Administration and Related Resources; Social Security and Related Resources; Small Business and Self-Employment Associations and Organizations; Consumer Protection Resources; State Economic Development Resources; State Vocational Rehabilitation Offices; Additional Disability and Small Business Web sites; and a Publications List. Some of the listed resources pertain specifically to individuals with disabilities.

Service Delivery Systems and Self-Employment

Small business and self-employment may not be widespread or consistently embraced within public rehabilitation service systems, but the capacity has been established. Cited in the Workforce Investment Act of 1998, the Rehabilitation Act Amendments of 1998 define self-employment as a reasonable employment outcome and refer to the need for adequate technical assistance to support small business planning activities.[48]

A review of successful self-employment programs within vocational rehabilitation agencies nationally reveals that, although they are all different, each serves the needs of the consumer. While approaches vary, programs share one commonality–they all include a format for providing business planning technical assistance that is consistent with the capacity of that state. Some utilize publicly funded, mainstream business planning services such as small business development centers (SBDCs), often requiring consumers, at a minimum, to have their business ideas and subsequent business plans reviewed by SBDC staff. Others contract with private business consultants for the delivery of individualized, one-on-one technical assistance. Some

rehabilitation programs rely on existing staff to facilitate the business planning process until the consumer's needs exceed the counselor's capacity, at which point they are referred to other local resources. Finally, others tap into local microenterprise organizations who typically deliver services in a group training format and follow up with individualized assistance to complete the business planning process.

Regardless of the method or source, an organization's framework for delivering technical assistance must be consistent with its internal capacity and the availability of local resources. In urban and suburban areas, for example, services are plentiful and likely include several microenterprise organizations, SBDCs, and many independent service providers. Conversely, in rural or remote areas, services are limited by local availability.

Technical assistance services should not be discontinued when business planning is finished. Although emphasis is usually placed on the start-up phase, many technical assistance needs do not surface until the business is operational. Monitoring business performance after start-up can help identify technical assistance needs before they become detrimental to the business. Regular review and interpretation of business performance data can inform business decisions and suggest needed supports. Within the technical assistance framework, monitoring after business start-up can be administered by any of the resources previously described.

Common to individuals in the business start-up phase is an overwhelming feeling of isolation. For an entrepreneur who has spent countless hours planning for business start-up with help and support from friends, family, business advisors, and technical assistance providers, isolation becomes very real once the business is launched and the business owner is out there alone facing the stark reality of the marketplace. Mentors can provide invaluable support for business owners during this difficult time. A committed, experienced mentor does not develop a co-dependent relationship with the business owner, but acts as a sounding board. One well-known mentor organization is the Service Corps of Retired Executives (SCORE)–a national, SBA-sponsored organization that is dedicated to helping less experienced entrepreneurs weather the trials and tribulations of business start-up.

Recommendations

- **Public and private rehabilitation programs should establish formal relationships with qualified, experienced small business and self-employment service providers.** These relationships will facilitate the provision of comprehensive, effective technical assistance to individuals with disabilities, whether such assistance is delivered through group training, individualized consultation, or a combination thereof. In any case, business planning research and technical assistance should be completed *in cooperation with*–**not** on behalf of–the potential business owner. Technical assistance providers should facilitate business planning, not do it *for* the individual. It is critical that potential business owners become knowledgeable of all aspects of their business–even the aspects that they intend to hire others to carry out. The business planning process should facilitate this learning.

- **The use of distance learning programs should be explored as a means of providing training and technical assistance to potential business owners with disabilities.**

Distance learning could be an efficient and effective strategy for meeting the needs people with disabilities living in rural or remote areas, as well as those with mobility and transportation barriers.

- **Technical assistance should not be discontinued once a business is operating.** Monitoring services are essential to ongoing business success. Monitoring services include reviewing financial data and market development information on a monthly basis at first, with quarterly reviews following the first year of business operation. Careful monitoring should trigger the provision of timely technical assistance services to help business owners address issues as they arise.

- **Mentor/protégée relationships should be encouraged.** Mentors can be an invaluable resource for inexperienced business owners.

- **Programs should share the framework that they adopt for providing training and technical assistance services with other state and local stakeholders.** From public and private rehabilitation programs to economic development organizations, each entity should be responsible for sharing their framework with others. This sharing will facilitate client referrals for service and acknowledge the availability of a network of qualified service providers. Further, it will prevent some organizations from having to "reinvent the wheel" by making them aware of models that already exist.

The Business of Small Business: Educating the Professional Community

Having established the need for a framework for small business training and technical assistance for people with disabilities, it is equally important that service providers have sufficient background to work effectively with the clients they serve. At a minimum, counselors will manage the cases of clients whose vocational goals include self-employment. Other counselors may be required to facilitate business plan development. Whether their role is case management or business planning facilitation, rehabilitation professionals must be prepared to effectively and efficiently address the small business and self-employment needs of today's consumers.

The issue is a simple one: most vocational rehabilitation professionals are educated within a social services paradigm. There are no vocational rehabilitation or counseling degree programs located within business schools, nor should there be. However, this does not minimize the need for rehabilitation professionals at both the undergraduate and graduate levels to be trained in small business issues that will affect their clientele. Considering the acceptance of self-employment and business venturing as a viable vocational outcome, it is time that small business and self-employment coursework be incorporated into post-secondary curriculum for rehabilitation professionals. This will prepare up-and-coming counselors to help their clients pursue self-employment. A more timely method is needed to address the educational needs of today's rehabilitation professionals–continuing education and staff development workshops on self-employment topics such as basic business planning, understanding markets, financing business ventures and interpreting financial data are needed. Integration of small business and self-employment into formal education programs, coupled with ongoing continuing education

opportunities, will provide an effective mix of educational resources for rehabilitation professionals.

Equally critical to the advancement of small business and self-employment for people with disabilities is the education of professionals outside of the rehabilitation field. Most banks and non-bank lenders (microloan funds, venture firms, etc.) have little or no background regarding disability as it relates to business ownership. They are in the business of providing capital to customers, whomever they may be, who want to build capacity to launch or expand a business venture. It is likely that lenders will see an increased volume of applicants with disabilities as a result of, among other things, the endorsement of self-employment as a viable vocational outcome in the Rehabilitation Act amendments. Whether or not these lenders understand the potential of business ownership by individuals with disabilities is in question, as well as how prepared they are to effectively communicate with this audience. For example, are their banking forms accessible?

The same issues ring true for publicly funded low-interest loan programs and microloan programs whose eligibility guidelines typically include women, minority, and low-income business owners, but not people with disabilities. While people with disabilities may belong to any or all of these groups (and are, in fact, a minority in their own right) few targeted programs recognize people with disabilities in their eligibility guidelines. As a result, many such programs do not have experience working with people with disabilities and are often not confident that small business ownership is viable for this population.

Educating bank and non-bank lenders and low interest loan program managers regarding the viability of individuals with disabilities being successful business owners will require a variety of methods, which could include presentations at trade conferences and events, presentations to local lenders, and printed educational materials targeted to the lending community.

Recommendations

- **Undergradutate and graduate rehabilitation programs should incorporate small business and self-employment into their curriculum.** Rehabilitation professionals should leave post-secondary education with the tools that they will need to effectively facilitate self-employment outcomes for people with disabilities. Without self-employment as part of their curriculum, up-and-coming professionals are at risk of being ill-prepared for the changing landscape of vocational rehabilitation.

- **Continuing education and staff development opportunities for today's rehabilitation professionals should include topics related to small business and self-employment.** Business-related learning opportunities will fill out the menu of continuing education opportunities currently available to rehabilitation professionals, including administrators.

- **A comprehensive and coordinated marketing campaign targeted to all types of lenders should be developed to promote the viability of small business ownership for people with disabilities.** Through the development and dissemination of educational packets distributed through national and state banking associations, lenders will recognize people with disabilities as potential commercial customers. The campaign should include

natural and subtle portrayals of disabled business owners who are well prepared and succeeding in business as well as information regarding the Americans with Disabilities Act as it applies to lending practices. Implemented by the Small Business Administration, the campaign will be national in scope and directed toward both state and nationally chartered banks and non-banks. This national approach could be complemented by local efforts. Educational presentations offered by business owners who have disabilities and rehabilitation professionals would increase awareness at the local level.

Organizing Our Efforts: Creating a Trade Organization

There seem to be as many trade organizations as there are business types and categories. Whether national, regional, statewide, or local in scope, trade organizations are typically member-oriented and provide formal and informal supports through continuing education sessions, newsletters, and networking opportunities. Many trade organizations include value-added benefits such as annual conferences where members can meet others with similar professional interests, share experiences, and learn from each other.

To augment the framework for educating professionals who serve the business development needs of people with disabilities (including those both inside and outside of the rehabilitation field), the creation of a trade organization is advisable. A trade organization would cultivate the movement toward and subsequent growth of small business and self-employment initiatives for people with disabilities. Using a traditional model, the creation of a professional trade organization would offer a forum for acknowledging best practices, provide a vehicle for continuing education, and encourage networking among existing and emerging small business and self-employment programs targeted to individuals with disabilities. Additionally, an on-line component of the trade association would present an opportunity for encouraging distance learning programs, organized chat rooms, and information exchange.

Why a trade organization for professionals? Why not a trade organization for entrepreneurs with disabilities? The Entrepreneur's Perspective work group of the Blue Ribbon Panel said it best–coordination among the professionals who provide small business and self-employment services is needed to encourage and support entrepreneurship for people with disabilities. A trade organization is a significant step toward organizing the current patchwork of services. Further, the Entrepreneur's work group expressed a desire to be more fully included in mainstream trade organizations, Chambers of Commerce, and other business networks. This suggests that, rather than focusing on a trade organization for entrepreneurs with disabilities, these business owners may be better served by efforts to educate mainstream business networks to ensure that business owners with disabilities can fully participate in these organizations.

Recommendations

- **Establish a national trade organization for professionals who provide self-employment and small business services to individuals with disabilities.** This trade organization should include both rehabilitation professionals and business development professionals who share a common interest in small business and self-employment for

people with disabilities. The organization could provide opportunities for networking, continuing education, and information sharing through an annual national conference, membership meetings at the state, local and regional levels, and an on-line component.

- **Implement a national marketing campaign to educate trade organizations, Chambers of Commerce, and other mainstream business networks about the needs and abilities of business owners with disabilities.** Such materials should be subtle and encourage organizations to make their programs and materials accessible to business owners who have disabilities.

Finance

The number one reason that small businesses fail is undercapitalization.[49] Thus, access to capital is central to any discussion about self-employment and small business. The Finance Work Group was assigned the task of addressing financial barriers to self-employment. However, given the significance of this topic, it is not surprising that each of the four work groups acknowledged the need for financing options for entrepreneurs with disabilities.

The Finance Work Group was represented by a mix of lenders, business planning practitioners, entrepreneurs, and government agencies. Participants were well versed in barriers and facilitators to financing small businesses. Based upon the range and depth of their collective expertise, they arrived at three primary categories of recommendations that focus on the critical need for access to capital:

1. Rehabilitation Services Administration,
2. Venture capital and the development of a national investment corporation, and
3. Microloan funds.

Rehabilitation Services Administration

Throughout the four work group discussions at the National Blue Ribbon Panel, vocational rehabilitation (VR) was consistently noted as a critical player in ensuring the future success of self-employment for people with disabilities. Consequently, pressure for leadership and innovation is placed on VR–and rightfully so, it seems. Through their use of federal funds, VR has an unmatched capacity to impact the future of self-employment for individuals with disabilities. Although it has been previously noted that VR as a whole has not widely embraced or encouraged self-employment outcomes in the past, with appropriate policies and counselor education in place, VR has the opportunity to take self-employment of people with disabilities to new levels. Considering their size and stature, it seems that VR agencies hold the keys that open the doors to self-employment.

Relying on VR to instigate and implement significant change would require a state-by-state effort. This approach lacks efficiency. However, the Rehabilitation Services Administration (RSA), which funds and regulates the vocational rehabilitation system at the federal level, may be a more effective starting point. Considering that RSA holds the purse strings and is charged with the development and implementation of vocational rehabilitation policies, where should the pressure for leadership and innovation be placed? Is it the responsibility of the service delivery mechanism (VR) to push the envelope–or should the onus be placed on RSA, who has the capacity to shape the attitudes and practices of VR agencies across the nation? It seems that a concerted effort by RSA would be less incremental, more efficient, and would reduce inconsistencies between state programs.

Access to capital has been unevenly addressed by VR from state to state. Due to a lack of policy guidance from RSA, some states offer carte blanche financing while others will not finance any

part of a business venture. It is RSA's responsibility to ensure that people with disabilities in every state who pursue self-employment are treated evenly by VR with regard to fair and equal access to capital. This could be accomplished through clear policy directives and the set-aside of resources to be used for equity grants. Without equity grants, many people with disabilities are unable to leverage sufficient resources to adequately capitalize their businesses. RSA is the single largest source of funds targeted to advancing the employment of people with disabilities. It is logical to look to it to provide funding for targeted small business initiatives. RSA has the opportunity to use existing resources more flexibly and ensure the availability of equity grants to entrepreneurs with disabilities across the nation.

Why equity grants? Given the level of resources required to adequately capitalize some business ventures, many entrepreneurs seek financing from a variety of sources. This is known as "financial packaging." Most lenders and other financiers require a small business owner to contribute capital to their business venture. This demonstrates the owner's commitment to the success of the venture and a willingness to share risk. Without this commitment, an individual's financial position is weakened. Equity grants allow VR funds to serve in place of the owner's contribution when leveraging financing from another source.

RSA's organizational structure includes 10 Regional Offices, headed by five Regional Commissioners, who report directly to the Commissioner of RSA. The Regional Commissioners coordinate funds from RSA and other resources that are used to serve to people with disabilities through State-Federal administered programs and grantees receiving discretionary project funds. Given this layer in the RSA organizational structure, Regional Offices could be the catalyst for advancing the capacity of VR to improve self-employment outcomes for people with disabilities.

Recommendations

- **Encourage RSA to earmark funds to be used for innovation grants to improve access to capital for consumers of vocational rehabilitation services.** Equity grants from state VR agencies could dramatically impact access to traditional and non-traditional capital sources. As previously noted in this report, inadequate owner equity, due to exhausted assets and often related to the disability, precludes many entrepreneurs from obtaining financing from traditional sources. The availability of equity grants from state VR agencies would be tied to an individual's goal of leveraging financing from another source.

  Funds granted to RSA Regional Offices would enable the development of Requests for Proposals from state agencies in each region. If each regional office granted a minimum of one innovation grant, that would enable at least ten different approaches to using equity grants as a means to accessing capital. The benefit would not only be the creation of innovative program models, but also the advancement in those regions of entrepreneurs with disabilities who utilize equity grants to successfully leverage financing to start or stabilize businesses.

- **Publish a standardized set of policy and program components along with successful program models administered through state VR agencies.** The perceived lack of commitment to self-employment by VR may be largely due to the lack of information

readily available regarding successful policy and program models. A published recommendation for policy and programming components, supported by a sampling of successful policy and program models, would take RSA out of a passive position on self-employment and move them into a leadership role. It is important to note that the standardization of policy and programming components simply suggests a framework without prescribing an approach. The approach should be consistent with local regulations, policies, and customs and reflect the unique character of the region to be served.

Private Capital for Small and Medium Sized Firms

Venture capital is an important source of financing for small and medium sized firms that require substantial capital. Venture capital is usually reserved for businesses that have large capital needs and expect a high rate of return over a specified period of time. While this does not describe the majority of start-up businesses, venture capital is critical to those who need it.

The Finance Work Group recognized that, at this time, the extent to which venture capitalists are aware of the financial needs and capacity of disabled business owners is unknown. Research is needed to determine whether or not existing venture capital firms can and do serve the needs of people with disabilities. If not, is a separate venture capital firm needed, or can the issue be adequately addressed by educating existing firms?

Recommendation

- **Establish a task force to research venture capital as a potential source of funding for small and medium sized firms owned by people with disabilities.**

Access to Capital Through Microloan Funds

The success of other disadvantaged populations using self-employment as a means of alleviating poverty is encouraging. The strategy has been so successful that an entire service delivery industry has grown from it. This industry is known as microenterprise industry and serves targeted populations. There are now more than 340 microenterprise organizations in the United States.[50] They are typically funded by public and private entities who support the theory that business ownership contributes to the economic empowerment and individual growth of marginalized populations. Microenterprise organizations help individuals enter or re-enter the workforce by replacing need-based public benefits with income generated through self-employment.

The microenterprise service system typically couples business planning and technical assistance with microloan funds. The microloan funds can be seeded with public or private capital and are intended to be used for equity grants, interest buy-down grants, or direct loans. Microenterprise organizations with microloan funds represent a system that is in place and underutilized by individuals with disabilities and the agencies that serve them. Microloan funds could be a source of equity grants or additional capital leveraged with VR equity grants.

Recommendation

- **Create linkages between microloan funds, microenterprise organizations, VR, and people with disabilities.** The potential of the microenterprise industry to serve individuals with disabilities has been underacknowledged and virtually unexplored. At a minimum, on-going dialogue between rehabilitation agencies, the disability community, and microenterprise organizations is warranted. This dialogue may foster linkages that serve the interests of all stakeholders: Rehabilitation needs the sound business expertise of the microenterprise industry; microenterprise will benefit from an expanded customer base; new avenues for financial and technical assistance will be available to people with disabilities.

  It should be noted that The National Blue Ribbon Panel on Self-employment, Small Business, and Disability was an introductory move to cultivate this relationship. Sponsored in part by the Association for Enterprise Opportunity (a national microenterprise trade organization) and the President's Committee on Employment of People with Disabilities, the meeting was the basis for developing a relationship that, hopefully, will be nurtured.

Government Policy

The Government Policy Work Group examined the role that local, state, and federal government policies play in facilitating and discouraging self-employment among people with disabilities. After identifying barriers to self-employment that are imposed (often inadvertently) by government policies, the work group developed recommendations for informing and changing current policies and developing new ones that encourage self-employment for people with disabilities. The Entrepreneurs' Perspective Work Group and the Training and Technical Assistance Work Group also identified barriers and developed recommendations relative to government policy. Several recommendations made by the work groups were implemented with the passage of the Workforce Investment Act of 1998 (WIA) and the Ticket to Work and Work Incentives Improvement Act of 1999 (TWIIA)–two landmark pieces of legislation that will change the landscape of employment opportunity for people with disabilities.

The work groups' collective insights and recommendations are summarized below. Recommendations were made in six broad categories:

1. Inclusion of people with disabilities in *all* small business development programs
2. Collection, analysis and dissemination of data and statistics
3. Vocational Rehabilitation
4. Small Business Administration
5. Work disincentives, and
6. Health insurance and the Ticket to Work.

Who Should Serve People with Disabilities? ALL Small Business Programs

People with disabilities have never routinely been considered a part of small business development initiatives targeted to the general public by government agencies. In spite of the fact that Section 504 of the Rehabilitation Act of 1973 prohibits federally funded programs from excluding people with disabilities, many agencies presume that people with disabilities should be served only by special programs for people with disabilities. When people with disabilities approach these programs for assistance, they are routinely redirected to vocational rehabilitation. This sends an implicit message that people with disabilities are not suitable candidates for self-employment, and if they are, it is the responsibility of VR to assist them.

There are currently 54 million Americans with disabilities, cutting across all socioeconomic backgrounds.[51] No single agency–no matter how large or effective–can serve all of the needs of this vast and varied population. In fact, VR serves only 1.3 million people with disabilities, suggesting that the remaining 52.7 million Americans with disabilities are served by other public and private agencies or receive no services at all.[52] The practice of offering VR services to the exclusion of other services limits choice and opportunity. VR services should augment and complement services available to the general public–not preclude people with disabilities from accessing more generalized services, either in combination with VR services or separately.

One reason that many public agencies are quick to redirect people with disabilities to vocational rehabilitation is a lack of understanding of the needs and abilities of people with disabilities. The historical segregation of services for people with disabilities has mystified the delivery of services to this population. This "specialization" has underscored the belief that serving people with disabilities is too complex and involved to occur in the mainstream. Thus, many public employees feel ill-equipped to serve customers with disabilities. Further, people with disabilities have not been expected to work. As a result, mainstream small business development agencies have not perceived people with disabilities as a logical or viable market for their services. This lack of employment expectation, which is informed by prevalent myths and stereotypes about people with disabilities, presumes that people with disabilities *cannot* work. If people with disabilities are not considered suitable candidates for employment in general, it is no wonder that they are overlooked as candidates for self-employment.

Recommendations

- **All local, state and federal government programs must be implemented in a manner consistent with the spirit of the Americans with Disabilities Act.** The needs of people with disabilities must be considered and included in all new and existing public programs. This includes not only providing physical access and program access, but also educating public employees to understand the needs and abilities of customers with disabilities. Education and awareness building among public employees at all levels is essential.

- **Establish task forces (similar to the Presidential Task Force on the Employment of Adults with Disabilities) at the state and local levels to facilitate interagency collaboration.** Small business development programs tend to lack information about disability-related services, technologies and supports. Likewise, rehabilitation programs frequently lack information and expertise about business development services and strategies. The establishment of state and local task forces will initiate interagency dialogue relative to small business development for people with disabilities, encouraging the establishment of common goals, cross-pollination of ideas, and the sharing of expertise. This strategy has shown promise at the federal level, where an Executive Order from the President established the Presidential Task Force on Employment of Adults with Disabilities in March of 1998. The Presidential Task Force is a coordinated and aggressive federal interagency initiative focused on reducing employment barriers for people with disabilities. One outcome of the Presidential Task Force is the establishment of a partnership agreement between the U.S. Small Business Administration and the U.S. Social Security Administration to encourage people with disabilities to become

entrepreneurs.[53] To ensure success, similar dialogues and partnership agreements must be initiated at the state and local levels. State and local agencies (as well as state and local field offices of federal agencies) are on the front lines of service provision. A truly coordinated and aggressive policy initiative cannot occur without involvement at these levels.

- **Mainstream small business development programs should market their services to potential customers with disabilities.** For too long, people with disabilities have been relegated to separate services. A focused marketing effort is needed to make people with disabilities aware of mainstream services and to let them know that these services are available to them. This marketing effort will not only help people with disabilities see themselves as potential customers of small business services, but will also help government employees and the general public see people with disabilities as potential small business owners.

- **A comprehensive campaign to increase awareness about the self-employment potential of people with disabilities must be undertaken.** People with disabilities, government employees and the general public need to know that self-employment is a viable option for many people with disabilities. There are few highly visible role models with disabilities in self-employment. Successful entrepreneurs who have disabilities should be profiled through a variety of mainstream media outlets to increase awareness about the self-employment potential of people with disabilities.

Data Collection, Analysis and Dissemination

Mainstream small business development agencies do not think of themselves as providing services to people with disabilities. Nonetheless, these agencies serve people with disabilities on a daily basis–often without even realizing it. A key reason that they are not cognizant of serving people with disabilities is that they do not collect disability-related information from their customers. Business statistics and demographics about people with disabilities are not collected in the same manner that information is collected regarding the general population, women and minorities. Disability must be measured by these agencies in order to determine the extent to which they are serving people with disabilities and the effectiveness of those services.

The collection of data may seem to be more useful to government agencies than to the people with disabilities who seek services from them, but reliable data can be a useful tool in ensuring that people with disabilities are routinely considered and included in new and existing programs and services. Why is data essential to self-employment outcomes for people with disabilities?

1. Policy and funding decisions have historically been made on the basis of reliable data. Without it, self-employment for people with disabilities is not likely to command the attention it deserves from policymakers and public administrators.

2. We tend to measure the things that we value, and value the things we measure. The collection, analysis and dissemination of disability-related data will call attention to self-

employment issues for people with disabilities. By quantifying the issue, it becomes tangible and is elevated from a "feel good" issue to an economic imperative.

3. Agencies and organizations must understand their customer base in order to design and deliver effective services. If government agencies do not know the extent to which they are currently serving people with disabilities, they cannot determine what policy or procedural changes would promote self-employment opportunities for people with disabilities. Establishing a baseline is needed to identify realistic goals and determine what policy changes would be meaningful.

In addition to disability-specific data, there is a need for dissemination of reliable data about self-employment in general. Widely publicized information about small business development and self-employment often paints an unjustly hopeless picture of the risks and costs involved. This misinformation discourages many individuals, with and without disabilities, from seriously considering self-employment as an option. While it is commonly believed and reported that 4 out of 5 business fail in their first five years, updated research suggests that small businesses succeed at much higher rates than previously reported.[54] Although comprehensive, national statistics are not available, people with disabilities appear to be succeeding in small business at rates equal to or greater than the general population–Iowa's Entrepreneurs with Disabilities Program, for example, boasts a measured 92 per cent success rate. Likewise, it is a commonly held belief that starting a small business requires tens of thousands of dollars. In reality, the U.S. Census Bureau reports that 57 per cent of small businesses are started with less than $5,000 and 25 per cent require no capital.[55]

Recommendations

- **Disability should be measured by all government agencies that collect labor statistics.** The current void of information available about the self-employment of people with disabilities must be remedied. Government agencies should measure disability in the same way that gender, minority status and other characteristics are measured. Until this happens, there is no way to determine with any accuracy the extent to which people with disabilities are pursuing self-employment, their success rates, the economic impact, and best practices.

- **Realistic, accurate, and current information about the costs, benefits, and risks of self-employment should be collected and widely publicized.** Information should be presented in a manner that neither glosses over nor exaggerates the potential risks and benefits of small business ownership. Such information must be widely distributed through both mainstream media outlets and government sources and should be offered in alternative formats for individuals with print impairments. Deciding to start a business is a significant, life-altering decision; accurate and up-to-date information is needed to support informed decision-making.

Vocational Rehabilitation

Without question, vocational rehabilitation plays a key role in facilitating the employment of people with disabilities. The fedral-state VR program has historically been, and continues to be, a leader in addressing the high unemployment rates among people with disabilities. However, the program's employment outcomes have focused more on traditional employment settings, leaving self-employment an often overlooked option. In fact, of the approximately 210,000 people that VR helps obtain employment, only 5,600 (slightly more than 2 per cent) become self-employed.[56] What accounts for this imbalance?

VR counselors are often unfamiliar with self-employment practices. Their expertise is in rehabilitation; business development requires other skill sets that many counselors have not had the opportunity to develop. Counselors who do not understand self-employment may be less likely to present it as an option to their customers. It is not necessary for VR counselors to become small business development experts–there are a variety of local experts that they can help their customers access. What *is* needed is a general understanding of the business development process, a recognition that business ownership is a viable option for many individuals with disabilities, and familiarity with the network of business development experts in their local area.

Another reason that state and local VR offices have not consistently embraced self-employment as a viable alternative for people with disabilities is that they are often misinformed about the risks associated with self-employment. Exaggerated failure rates and start-up costs for small businesses have created a cloud of skepticism around self-employment. As a result, many VR offices require extra layers of approval and documentation in order to authorize funds to be used for self-employment. This extra "red tape" discourages many counselors from encouraging their customers to consider self-employment.

Traditional case closure criteria complicates effective self-employment services within vocational rehabilitation programs. The ability to monitor clients through business cycles is compromised when counselors must apply competitive employment case closure criteria to individuals who are self-employed. Like forcing a square peg into a round hole, competitive employment case closure criteria does not address small business time frames or financial issues. For example, it is very common for small business owners to find part-time employment while they are launching their businesses–employment that sometimes requires them to work extraordinary hours for short periods of time. Competitive employment case closure criteria is impossible to apply to self-employment in this scenario. It is also impossible to apply hourly wage criteria to a sole proprietor who will pay personal income taxes on all profits realized after business expenses are deducted.

The 1998 re-authorization of the Rehabilitation Act includes specific references to self-employment outcomes. However, guidelines for self-employment programs within VR are not clearly delineated. The interpretation of regulations relative to self-employment vary significantly from state to state (and even among area offices within a given state). Many states do not have specific self-employment policies, and those that do have policies in place vary from state to state.

Recommendations

- **Vocational rehabilitation counselors and administrators need ongoing training and education about self-employment and small business practices.** See pages 21 and 22 for proposed curriculum content.

- **Vocational rehabilitation programs should develop formal partnerships at the federal, state and local levels with individuals, organizations and agencies offering business development expertise.** VR should utilize the expertise of business development professionals to assist their customers. In turn, VR can offer valuable rehabilitation expertise to these entities.

- **Clear criteria for successful case closure should be developed for self-employment.** VR cases files are typically closed after 90 days of successful employment. However, 90 days is an inadequate amount of time to ensure that a new business is stabilized. In fact, most small business owners find that it takes six months to a year before their business can begin paying them a decent wage.[57]

- **The differences in state policies on self-employment need to be clearly understood and fully explained.** Cost, income, economic impact, sustainability, and other factors related to self-employment outcomes should be fully analyzed in comparison to those policies. This information will facilitate a heightened understanding of effective self-employment practices for people with disabilities and will inform the development of "best practices" in rehabilitation and self-employment. Likewise, demonstration projects should be dusted off and reviewed for valuable lessons learned that may inform future policy development in the area of self-employment.

Leveling the Playing Field

People with disabilities comprise the single largest minority group in America.[58] Significant discrepancies exist between the status of Americans with disabilities and those without. Although the past decade has brought unprecedented changes in public policy for people with disabilities–including the passage of the Americans with Disabilities Act of 1990–people with disabilities continue to lag behind their non-disabled peers in most quality of life measurements. A 1998 Harris Poll indicates that they tend to be poorer, less employed, less educated and less satisfied with their quality of life than people who do not experience disabilities:

- Only 29 per cent of people with disabilities age 18 to 64 are employed, as opposed to 79 per cent of non-disabled persons–a gap of 50 percentage points.
- 72 per cent of those who are not employed indicate that they would prefer to work.
- One-third of adults with disabilities live in households with a total income of $15,000 or less, compared to 12 per cent of those who do not experience disabilities.
- 20 per cent of adults with disabilities have not completed their high school education, while only 9 per cent of adults without disabilities have not finished high school.

- Two out of three (67 per cent) Americans with disabilities report that they are dissatisfied with life in general, whereas four out of ten (40 per cent) non-disabled Americans report such dissatisfaction.
- Seven out of ten (69%) indicate that their disability prevents them from getting around, attending cultural or sports events, or socializing with friends outside their home as much as they'd like to.[59]

In spite of clear and consistent evidence of social and economic disenfranchisement among people with disabilities, government programs do not recognize people with disabilities as a legitimate minority group. The Small Business Administration's 8(a) Business Development and Small Disadvantaged Business programs, for example, offer government contracting assistance and other supports to small businesses that are "owned and controlled by one or more socially and economically disadvantaged individuals. . . ." Among those presumed to be eligible are Black Americans, Hispanic Americans, Asian Pacific Americans and Subcontinent Asian Americans. The SBA states that it will admit other individuals into the programs if they can demonstrate through a "preponderance of evidence" that they are socially and economically disadvantaged. The SBA defines such evidence as being of a "quality and quantity which leads the decision maker to conclude, objectively, that the existence or truth of the fact(s) is more probable than not." People with disabilities are listed among those who *may* qualify (if they provide adequate, substantive proof that their disability has put them at a disadvantage). However, what and how much evidence is required to meet the SBA's burden of proof is unclear. Such requirements are reflective of the pervasiveness of the social, economic, and institutional biases that affect individuals with disabilities.

Recommendation

- **People with disabilities must be included in the list of those automatically presumed eligible for the SBA's 8(a) Business Development and Small Disadvantaged Business programs.** The inclusion of people with disabilities is merited on the basis of the breadth and pervasiveness of the social and economic distress experienced by this population. The addition of people with disabilities is critical, not only to create access to these programs, but because these programs serve as a national model for other public and private programs targeting minorities. Many lending institutions, procurement programs, and diversity programs have adopted the SBA's definition of a disadvantaged business for their own programs. Thus, inclusion of people with disabilities in the SBA's definition of disadvantaged businesses will have an impact that reaches far beyond the SBA itself.

Work Disincentives

For years, people with disabilities who have attempted to leave the rolls of the Social Security system through employment have been penalized for their efforts. The reduction of cash assistance, health insurance and other vital services frequently outpaces their ability to replace those benefits through earnings. This phenomenon, commonly referred to as the "income cliff" has been a major deterrent to employment for people with disabilities.

The Social Security Administration has implemented several provisions over the past decade–called work incentives–aimed at alleviating the employment disincentives within its programs. These work incentives, however, have not resulted in a significant reduction in the disability rolls. In fact, less than one-half of one percent of beneficiaries (about 6,000 people annually) leave the SSA rolls by returning to work.[60] One reason that the work incentives have been so underutilized is that few beneficiaries are aware that they exist. Another reason is that they are incredibly complicated. Local SSA employees are often unaware of the work incentives provisions or do not understand how to apply them, particularly in the context of self-employment. When people inquire about the work incentives at their local SSA offices, they are often told that no such provisions exist or are given misinformation about them. When the work incentives are used, they are often applied incorrectly, resulting in overpayments of benefits that must be repayed when the error is discovered. Miscommunication, apparent inconsistencies and the complexity of the Social Security work incentives have made many people with disabilities dubious of the rules that deny or allow them to keep all or part of their benefits.

In response to these concerns, a growing profession of independent "benefits counselors" is evolving. These benefits counselors fulfill a role similar to that of a tax advisor, offering consultation regarding how individuals can best take advantage of the available work incentives and provide assistance with initial and ongoing paperwork. However, these independent benefits counselors are not monitored or certified in their profession; there is no professional code of ethics that they must follow, and there is no formal mechanism in place to help potential customers discern the authentic benefits counselor from the charlatan.

Recommendations

- **Formal mechanisms should be developed to provide consumer protections for those who seek benefits counseling services.** Standardized training, certification and a professional code of ethics should be developed for benefits counselors.

- **Individualized, ongoing benefits counseling must be available through a variety of reliable sources, including vocational rehabilitation programs, the Small Business Administration, and other government agencies that serve the employment needs of people with disabilities.**

- **Computer software programs, easy-to-complete forms, and instructional materials should be widely available to help people with disabilities take full advantage of available work incentives.** Without question, Social Security rules and regulations are complex. Our nation's tax code is equally complicated, yet there are hundreds of easy-to-use, widely available software programs, forms and instructional materials available that enable most Americans to successfully file tax returns each year. A similar approach should be taken with regard to Social Security work incentives.

Health Insurance and Ticket to Work

Recent legislation, including the Balanced Budget Act of 1997 (BBA) and the Ticket to Work and Work Incentives Improvement Act of 1999 provides new, more meaningful incentives to

encourage the employment of people with disabilities. Notably, states are allowed and encouraged to develop "Medicaid Buy-In" programs, whereby working people with disabilities may purchase health insurance from their state's Medicaid program at a reasonable price. Medicaid Buy-In has the potential to profoundly impact the ability of people with disabilities to earn substantial income without penalty. This program goes a long way toward alleviating the "income cliff" that has prevented people with disabilities from working for so long. The program holds particular promise for individuals who are self-employed, because these individuals cannot obtain access to group plans offered through traditional employment.

Adoption of Medicaid Buy-In policy is discretionary–states may choose not to participate. As of April, 2000, eleven states were at various stages of implementing Medicaid Buy-In policy, with programs up-and-running in four states. While the BBA and TWWIIA have paved the way for progress, the heavy lifting remains to be done. Implementation of progressive Medicaid Buy-In programs in all 50 states is needed. Medicaid Buy-In holds great promise to improve the employment situation of people with disabilities, but it should not be seen as a magic bullet.

In addition to Medicaid Buy-In, TWWIIA establishes, among other things, a "Ticket to Work" program whereby Social Security Disability Insurance and Supplemental Security Income beneficiaries may obtain a ticket that they can use to obtain vocational rehabilitation services, employment services, and other support services from their provider of choice. It is unclear at this point how the ticket may be used with regard to self employment.

Recommendations

- **Encourage the implementation of Medicaid Buy-In programs in all 50 states.** Those states that have successfully implemented Medicaid Buy-In programs should openly exchange information about policy development, implementation strategies, and outcomes.

- **The Social Security Administration should include in its "Ticket to Work" regulations provisions that would allow an individual with a disability to use their ticket to capitalize a business venture.** Tickets could be used to purchase small business planning services and specialized technical assistance. Tickets could also be used to purchase needed inventory, provide operating capital, and equipment. Additionally, tickets could be used as owner equity to leverage other financing needed to adequately capitalize the business.

APPENDICES

RECOMMMENDATIONS FROM SMALL GROUP DISCUSSIONS, 49-56

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THE NATIONAL BLUE RIBBON PANEL
ON SELF-EMPLOYMENT, SMALL BUSINESS AND DISABILITY
JULY 31, 1998

RECOMMMENDATIONS FROM SMALL GROUP DISCUSSIONS

Here is the full list of recommendations reported by the four workgroups at the Blue Ribbon Panel meeting. Each problem statement is followed by a series of recommendations. Because the groups worked independently, there is some duplication of suggestions. The recommendations have been edited for readability without changing the meaning of the content.

FINANCE GROUP

Entrepreneurs with disabilities do not have access to the sources of support and technical assistance available to other entrepreneurs.

- Develop a national mentor network, a system of matching appropriate mentors and proteges with disabilities in one-to-one relationships. Mentors would assist proteges with establishing credit, developing and implementing a business plan, developing resources and provide continuing support after the business is operating. The network could be developed with the assistance of local resources such as vocational rehabilitation counselors and independent living centers.
- National and state vocational rehabilitation programs should promote self-employment and small business ownership for their clients.
- National and state vocational rehabilitation programs should partner with organizations and agencies such as the Small Business Administration.
- The Rehabilitation Services Administration (RSA) should issue a technical assistance circular on self-employment to state vocational rehabilitation programs.
- RSA should develop legislative changes for facilitating small business development by people with disabilities for the next amending cycle of the Rehabilitation Act.

Entrepreneurs with disabilities have limited access to capital.

- Create opportunities for entrepreneurs with disabilities to more readily access capital, including overcoming the lack of owners equity available to most entrepreneurs with a disabilities.
- RSA should encourage state vocational rehabilitation programs to set aside a portion of innovation and expansion funds to be used as equity grants for clients who have approved small business plans. The grants could serve as the entrepreneur's equity to leverage Small Business Administration (SBA) loan guarantees.

- RSA should establish pilot programs in one or two states, using either grants or a revolving loan fund to provide owner's equity for securing SBA loan guarantees for up to $100,000, for both business start-ups and for continuation of existing business. Results from the pilot programs should be disseminated quickly within the vocational rehabilitation system via rehab-net.
- A national investment corporation should be developed as a private source of capital for people with disabilities. Investors would include major Wall Street financial firms and

large national and regional banks. Successful business owners with disabilities would select business plans from entrepreneurs with disabilities to fund.

- Encourage state councils on disabilities and developmental disability councils to offer grants to entrepreneurs with disabilities.
- The President's Committee on Employment of People with Disabilities (PCEPD) should develop a program to eliminate discrimination against people with disabilities by educating bankers and lending institutions about the potential of people with disabilities to be entrepreneurs and about fair loan practices for people with disabilities.

  (1) Develop educational packets.

  (2) Distribute educational materials through its fifty state liaisons.

  (3) Utilize the National Banker's Association and the Federal Reserve Bank to disseminate the packets.

  (4) Encourage major national and regional banks to conduct seminars for their lending officers at the state and local levels based on the information in the packets. Reaching the chairman and presidents of companies can be helpful.

  (5) Have bank examiners institute a check off procedure in their audits to determine the number of loans given to people with disabilities and how they are handled.

  (6) Get the commitment of the Federal Reserve Bank and other regulatory entities to educate and regulate the bank industry to eliminate discrimination against people with disabilities applying for loans.
- PCEPD should promote an amendment to include people with disabilities in the Fair Lending Act.
- Review the Community Reinvestment Act to identify modifications that would enable entrepreneurs with disabilities to participate. Most low income groups can be identified geographically, but that's not true for people with disabilities.

Technical Assistance and Training Group

The entities that could support entrepreneurs with disabilities, including bankers, the SBA, small business development centers (SBDC), vocational rehabilitation (VR) programs, the Social Security Administration (SSA) and micro lenders, do not coordinate their programs or share resources.

- Utilize a community development model to bring together the various stakeholders on state and local levels, either biannually or annually, for education and networking. Possible conveners would be the governor's office, the President's Committee, or the SBA. The Association for Persons in Supported Employment does something like this every year.
- Develop a national, dynamic, interactive Web site with state by state resource data and Web links to each of those state data resources, as well as national and international links for information sharing and dissemination. The Web site would be used by counselors and others providing services to entrepreneurs. The President's Committee, the SBA, the RSA, the Presidential Task Force on Employment of Adults with Disabilities or Department of Labor could be involved in developing the site. The site could be supported by the sales of advertising.
- Adapt existing resource materials into alternative formats, and post them on the Web site so people at various levels of state and local programs can download them. Funding could

come from a combination of the SBA, RSA, the National Institute on Disability Research and Rehabilitation, the President's Committee, and the Department of Labor.

- Communication with culturally diverse groups must be done in a culturally sensitive way and language appropriate. It is important to recognize that diverse cultures have differing perceptions of disability and of entrepreneurship.
- State VR programs should provide an annual contract with small business development centers or micro enterprise agencies to provide technical assistance services to start-up businesses and existing businesses owned by people with disabilities.
- Technical assistance and training should be provided through the Internet to remote or under served areas. Although many people with disabilities do not yet own computers, many local library systems now make computers and the Internet available to their patrons.

Self-employment is not viewed as an option for people with disabilities by a large group of players.

- Create a positive image of entrepreneurs with disabilities by publicizing stories of successful entrepreneurs with disabilities through a variety of media, including public service announcements, articles placed in publications such as Reader's Digest, articles placed directly into newspapers throughout the country, articles by syndicated columnists and advertisements placed on billboards or on buses.
- Incorporate information about self-employment or small business ownership for people with disabilities in professional development programs, such as including economic development in the curriculum for vocational rehabilitation counselors.
- A national organization should develop the field of self-employment for people with disabilities. It could be an existing group or a new trade association, or it could be something along the lines of what supported employment people do.
- Establish a central repository for research on entrepreneurship by people with disabilities.

There is a lack of quality long-term follow-up and mentoring for people with disabilities.

- Agencies should contract with SBDCs or micro programs to provide follow-up mentoring using VR case dollars, Supplemental Security Income funds or other work training dollars.
- The SBA should encourage SBDCs to contract with vocational rehabilitation programs for counseling services for individuals with disabilities.

Current measures of success and case closure are inappropriate for entrepreneurs with disabilities.

- Give extra credits or rating incentives to vocational rehabilitation counselors for placing clients into self-employment or small business ownership. For example, if the counselor earns one credit for closing a client's case because the client was hired by an employer, the counselor would earn two or three credits for closing a client as an entrepreneur to recognize that it takes the counselor longer to work with an entrepreneur.
- Establish a time line of at least six months to a year from the time the business becomes profitable before determining if the client's case can be closed.

Concerns about the effect the health of an entrepreneur with a disability on his or her ability to operate a business affect the ability of the entrepreneur to find funding.

- Lenders should require a short-term and long-term contingency plan with specific alternatives for maintaining the business should the owner be unable to do so.

- Individuals providing technical assistance to entrepreneurs with disabilities should assure that a contingency plan is included in all business plans.

Entrepreneurs Group

People with disabilities fear the loss of medical insurance coverage that could result from work activity.

- Access to universal, affordable and comprehensive healthcare coverage that meets the needs of people with disabilities and their dependents should be ensured.
- Give front line service providers, such as vocational rehabilitation counselors, the training necessary to assist recipients of SSI to write PASS plans which set aside money to buy private insurance.
- Establish policy that requires rehabilitation counselors to analyze recipient business plans for the provision of health insurance.
- Establish a pool for insurance coverage for entrepreneurs with disabilities guaranteed by the federal government, as they do now for flood insurance.
- Continue Medicare coverage after business start-ups.
- Develop sliding fee scales for HMO purchase, possibly through SSI or medical reimbursements.
- Propose legislation that prohibits denial of coverage for durable medical equipment for certain diagnoses.
- Develop a consumer collaborative for the purchase of HMO coverage at group rates.
- Establish a committee representing health maintenance organizations, the Health Care Financing Administration, the SBA, health insurance companies and consumers with disabilities to establish a mechanism for the purchase of affordable health care for entrepreneurs with disabilities.
- Encourage existing in-home support services programs to provide matching funding to pay for attendants for at least three years from the time the person opens his or her business.
- Allow entrepreneurs to buy health insurance through plans offered to federal employees. Adding disabled entrepreneurs to that large group would do the least damage to an experience rated program.

Entrepreneurs with disabilities encounter difficulties entering the marketplace because of social barriers and negative attitudes.

- Develop a public education strategy that promotes the viability of self-employment as an opportunity for people with disabilities.
- Produce and distribute an entrepreneurs resource book for and by people with disabilities.
- Produce videos featuring successful entrepreneurs with disability to be distributed through a broad spectrum of channels, such as cable television and the financial services industries.
- Produce public service announcements about resources that are available for entrepreneurs with disabilities.
- Encourage high schools, colleges and universities to offer courses on starting and maintaining a business for people with disabilities.
- The transition requirements of the Individuals with Disabilities Education Act should be reviewed for applicability to entrepreneurship.

- Encourage state councils on development disabilities and state vocational rehabilitation agencies to offer grants to provide entrepreneurship training, including assertiveness training to people with disabilities.
- Develop a comprehensive Web site that provides technical assistance and bulletin boards on specific issues and is hot linked to all relevant entities.
- Market entrepreneurship to potential entrepreneurs with disabilities and their service provider networks.
- Build a network of education and support services for people with disabilities, including quality counseling geared toward personal choice decision making.
- Mobilize business associations, financial institutions and disability advocacy organizations to develop public education campaigns on the abilities of disabled entrepreneurs.
- Encourage trade organizations to include people with disabilities, including provision of reasonable accommodation to members with disabilities.

There is a need to develop highly skilled entrepreneurs with disabilities through leadership training and capacity building.

- Use professional small business trade associations, such as the U.S. Chamber of Commerce, to encourage specialized trade groups in the relevant industries to mentor businesspeople with disabilities on a peer-to-peer basis to assist them develop business skills.
- Enable vocational rehabilitation counselors and other relevant service providers to have access to knowledgeable experts in the field.
- Educate people with disabilities about self-employment opportunities.
- Mandate that vocational rehabilitation programs offer workshops in small business development and that they provide long distance learning opportunities.
- Help entrepreneurs with disabilities identify training needs and obtain best practice training available in their communities.
- Promote legislation that creates the same opportunities in self-employment for people with disabilities that exist for other minority groups.
- Develop training programs tailored to the needs of people with disabilities.
- Distribute information about SBA loan guarantee programs to vocational rehabilitation counselors and people with disabilities.
- Develop an information bank of resources about business development in alternative formats.
- Encourage vocational rehabilitation programs and small business development centers to connect entrepreneurs with disabilities with financial managers, business consultants, attorneys, etc.

To establish entrepreneurship for people with disabilities as a viable financial alternative, work disincentives inherent in income support programs must be eliminated.

- Create flexible policies for maintaining public income support during small business start-ups.
- Encourage SBDCs to network people with disabilities and disability related associations with vocational rehabilitation counselors because they have resources that would help entrepreneurs.
- Eliminate provisions of programs that penalize entrepreneurs with disabilities.
- Create financial incentives such as tax breaks for people with disabilities to become entrepreneurs.

- Eliminate financial disincentives to work for people with disabilities.
- Create tax credits to allow entrepreneurs with disabilities to meet disability-related work expenses. This would level the playing field by removing disability-related expenses, such as reader's and personal assistants, from the business's costs.

Public policies and procedures are not coordinated and often conflict.

- Create a consistent national public policy agenda that supports self-employment for people with disabilities.
- Define persons with disabilities as a socially and economically disadvantaged group with under the SBA 8(a) program.
- Convene a task force of top level federal government agencies to resolve policy conflicts. The Internal Revenue Service, the SBA, the Social Security Administration and the departments of Labor, Education, Transportation and Housing need to collaborate.
- Analyze existing public policies that impact self-employment for people with disabilities and determine how they conflict or compliment each other.
- Determine which policies are counterproductive and eliminate them.
- Eliminate the inconsistencies between policies by having agencies work together.
- Develop a partnership between SBA and RSA to promote entrepreneurship for people with disabilities.
- Create local networks of vocational rehabilitation programs and small business service providers.
- Create low interest loan funds and grant programs to fund business start-ups for people with disabilities.
- Review state level policy and procedures that impact entrepreneurship for people with disabilities for conflicts and disincentives.
- Encourage states to designate lottery money to develop new initiatives for people with disabilities.
- Stimulate discussion about private sector involvement supporting entrepreneurs with disabilities.
- Identify and publicize best practices in promoting entrepreneurship for people with disabilities.

Government Programs

People with disabilities, small business service providers and the public do not believe that people with disabilities cannot be successful entrepreneurs.

- Educate persons with disabilities about the viability of self-employment and small business ownership.
- Dispel myths believed by service providers, funders and others regarding the difficulties and costs of self-employment and small business ownership.
- Encourage all government agencies to fully participate in helping people with disabilities to enter self-employment and small business ownership, rather than allowing them to only refer clients to vocational rehabilitation programs.
- Increase the effectiveness of existing small business programs for people with disabilities and hold them accountable for outcomes.

- Develop and encourage a consistent message about the viability of self-employment and small business employment for persons with disabilities and communicate that to all the constituencies.
- Facilitate informed choice for individuals, including the choice of small business employment or self-employment as a vocational goal.
- Identify viable models of self-employment and small business ownership for people with disabilities and disseminate information about them to individuals with disabilities and their service providers.
- Accurately measure and communicate the true participation rate of people with disabilities in the work force, including their participation in self-employment and small business ownership.
- Establish realistic milestones for increasing the number of people with disabilities in self-employment or small business ownership.
- Measure the increase in the gross domestic product created by entrepreneurs with disabilities.
- Establish a baseline of information about services for people with disabilities by requesting business development programs, such as the small business development centers and micro enterprise programs, to report the extent of their services and supports for people with disabilities.

People with disabilities face many disincentives to work.

- Establish access to affordable healthcare for entrepreneurs with disabilities.
- Allow the Social Security Administration to phase out the Social Security cash benefit as a person's earned income goes up, to provide a slow transition off the rolls.
- Develop legislation that would simplify that process of getting back on the Social Security roles by continuing the extended period of eligibility ad infinitum, so a person with a disability would be returned to payment status when his or her income dropped below a certain level.
- Conduct a major initiative to change the attitude of federal and state agencies about the ability of people with disabilities to successfully be self-employed or own small businesses.

- Ensure that vocational rehabilitation counselors and managers receive accurate information about the success rate of small businesses.
- Secure a commitment to promote small business and self-employment for people with disabilities from top policy makers and administrators, starting with President Clinton. Commitments should be secured from all levels of the service delivery system, including cabinet secretaries and federal and state agency administrators. Included in the commitments should be the availability of necessary and sufficient resources to support entrepreneurs with disabilities.
- Establish a method for rewarding vocational rehabilitation counselors with additional credit for assisting a client to achieve self-employment or small business ownership.
- Develop legislation that would require the use of vocational rehabilitation funds to leverage funds from outside sources.
- Conduct pilot projects to explore the effectiveness of differing approaches to financing entrepreneurs with disabilities, providing incentives to vocational rehabilitation counselors, and encouraging people with disabilities to consider self-employment or small business ownership as a viable career.

- Take advantage of the political support for entrepreneurship to request changes necessary to encourage entrepreneurship by people with disabilities.
- Convene a one day meeting of entrepreneurs with disabilities and disability consumer advocacy organizations to stimulate more ideas about the future direction of policy and program initiatives.
- Ask the President to have at least three dinners a year with corporate leaders to ask, "What are you doing about people with disabilities? Come back in six months and I'll give you another dinner and tell me what you've done."

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Chicago, Illinois
July 29-31, 1998

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